Allegiance Telecom Inc. (ALGX)
Class Period: 4/24/01 - 2/19/02

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
9/17/2001	2,411,500	$ 8.83	-13.2%				**WTC Tragedy**
9/18/2001	1,963,500	$ 8.43	-4.5%		7:01	PRN	Allegiance announced its 27-member senior credit syndicate is funding a total of $350 million under Allegiance's $500 million credit facility, a $150 million delayed draw term loan and a $200 million revolving loan, both due Dec. 31, 2006. "We remain comfortable with the covenants in the form in which they were set when this facility was established in Feb. 2000. Allegiance has not sought to amend these covenants in any respect," CFO Lord said. The $350 million to be invested in short term Treasury securities.
					7:02	DJNS	Allegiance drew down $350 million of funding as part of its $500 million credit facility to invest in short-term treasury securities.
					8:04	RN	Allegiance taps $350 million loan, taking advantage of the Federal Reserve Board's several rate cuts this year. Company said it would be able to secure a 6.28% interest rate on loan and said it would use the money for its business plan and invest in Treasury securities.
					14:49	BN	Allegiance was reiterated Buy at Stephens; target price is $28.
						DB MMN	*ALGX: cash in the pocket at under 7% - Buy.*
						Stephens	Rated Buy with $28 price target. Allegiance compelling at current levels. Goes without saying that Allegiance's revenues will likely be affected by last week's events. Currently project 3Q revenues of $147M, EBITDA of ($24M) and about 1 million line equivalents by quarter end. Today, company announced it will draw another $350M on its credit lines at initial rate of 6.28%. Reduced revenue and other estimates for 2002 and beyond; price target cut to $16, maintaining Buy. In conference call with investors, Holland said if stock remains at current low levels, Allegiance's management will consider taking the company private, although no current plans to do so. Allegiance' guidance implies significant slowing of net line adds next year, from 135,000 to 140,000 in 3Q to about 100,000 per quarter next year.
9/19/2001	2,594,600	$ 8.50	0.8%			KRTBN	Allegiance has pursued a more deliberate and slower national expansion than most of its competitors. Company plans to stop expanding after adding networks in West Palm Beach, FL and Pittsburgh which will be up and running in 4Q. CFO Lord blames company's flagging stock price on investors' aversion to all telecommunications stocks, good or bad. Analysts say Allegiance has done better than its peers, but company's stock will remain depressed until it starts generating cash and shows an operating profit. According to analyst with Dain Rauscher, "it's still a company that is in early stages of development...have made some pretty promising progress in markets where they have been 18 to 24 months."
						Observer Station	Allegiance draws on $350 million credit "to lock in low interest rates" and praises banks.
9/20/2001	1,772,700	$ 7.70	-9.4%			*Fitch, IBCA*	*Analyst report.*
9/21/2001	2,984,700	$ 7.05	-8.4%				
9/24/2001	1,720,600	$ 7.36	4.4%			Loan Market Week	Allegiance draws down $350 million revolver. CFO Lord said Allegiance never tapped its $500 million credit facility prior to the drawdown. He said he has "a real aversion to debt." Cash to go into treasury bills and to be used for company operations. Company had relied on bonds and equity for financing.
9/25/2001	5,306,600	$ 5.10	-30.7%		8:36	PRN	Kaufman announced 4th Annual Emerging Communications conference on Oct. 15 and 16; CEO Holland to be a keynote speaker.
					15:08	BN	Allegiance cut to Hold from Buy at McDonald Investments.
					18:05	PRN	Allegiance to release 3Q earnings on Oct. 23 at 5:00 pm ET.
						First Union	Shares of ALGX traded down 31%, compared to the S&P 500, which was up about 1%. Believe shares of ALGX were down in sympathy with CLEC bellwether Time Warner Telecom which pre-released lower-than-expected revenue and EBITDA results for Q301 due to lower intercarrier compensation revenue and higher-than expected carrier customer disconnects. Believe ALGX is largely immune to these issues. Maintaining our Strong Buy 1 rating on shares of ALGX with $29 target price. ALGX's balance sheet remains a strategic asset: $100M+ in excess cash available and a debt to total capital ratio of 0.41 differentiate the company from its peers. Established line base offers visibility of estimates. Exposure to slowing line growth in declining economy exists, but balance sheet and established revenue base largely mitigate this risk. Current enterprise value per 2001E ending lines of 1,169,700 is $709, which is well below the benchmark acquisition price of $3,000 per access line seen in recent years. Valuation and continued operating success should yield compelling returns for ALGX shareholders.
9/26/2001	4,282,700	$ 4.42	-13.3%		8:50	BN	Allegiance cut to long-term Buy from Strong Buy at BB&T Capital Markets; price target is $12.
					13:04	BN	Allegiance raised to Buy from Accumulate at AG Edwards; price target is $15.
					15:16	BN	Allegiance was reiterated Strong Buy at Kaufman; price target is $27.
					16:01	PRN	Allegiance to release preliminary selected 3Q results and recent developments involving the company on Sept. 26 at 4:30 pm ET.

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					16:04	PRN	Allegiance pre-announced preliminary results for 3Q and updated guidance for remainder 2001. Company will have sold 180,000-190,000 lines and installed between 135,000 and 140,000 lines during the quarter. Expects consolidated revenue $135 million for the quarter; growth rate of about 9% from 2Q and 69% over last year. Company has $540 million cash on hand after drawing from credit facility. Expects revenue 2001 to be 5% below previous guidance of $550 million for the year. "...short term reduction in revenue growth without any corresponding impact on EBITDA should assure investors that we know how to run this business within the funding resources we have available."
					16:05	DJNS	Allegiance sees 3Q revenue of $135 million, up 69% from a year ago, but below analysts' estimates of $147 million. Allegiance maintaining all of its guidance for 2001 except for revenue, which it expects to be about 5% below previous guidance of $550 million for the year. Analysts expect $541.8 million.
					17:45	BN	Allegiance lowers 2001 sales forecast by 5% to $523 million, blaming the Sept. 11 attacks for slower demand. Sales this quarter will rise by 69% from a year earlier to $135 million; capex spending to remain the same. Allegiance has also been hurt by slower demand for services. Company expects to sell between 180,000 and 190,000 phone lines this quarter.
					18:33	BN	CFO Lord and CEO Holland speak on teleconference about company's 3Q results.
					21:55	CSFB	Long standing fears realized, company guides down for 2H01 and FY02. Allegiance targeting being operational in 35 markets by year-end 2001. After the market close on Sept.26, ALGX pre-announced 3Q01 results and updated '01 and '02 guidance. As we have expected, the company took down numbers. Management estimates that 3Q revenues will be approx.$135M, 5% below our estimate of $142M and up 9% sequentially. Further, a 3Q EBITDA loss of $26M is estimated - this compares to our estimate of a loss of $24M. In addition, management noted that FY01 revenues are expected to be approx.5% below previous guidance of $550M while previous EBITDA loss guidance is unchanged at approx.$104M. Management noted that about ½ of the change to '01 guidance is due to disruptions caused by the Sept.11 terror attacks which disrupted ALGX's voice business, while the other ½ of the guide down is due to softness in the web hosting and dial-up ISP business. (Cont'd) Management expects FY02 revenues of $800M versus our estimate of $849M, reflecting general economic weakness and a more conservative outlook for the hosting and dial-up businesses. Further, the company expects to be EBITDA breakeven in 2H02. Revised our 3Q01 revenue and EBITDA loss estimates to $134M and $26.3M.In addition, we have revised our FY01 revenue and EBITDA loss estimates to $515M and $105M.Further, we have revised our FY02 revenue and EBITDA loss estimates to $789M and $15.2M.As a result of these changes, our cash burn analysis now indicates a funding gap of approx.$29M versus our previous estimate of $5M. Although ALGX shares have dropped 80% YTD and 57% since the close on Sept.10 and the valuation is getting more compelling, we await better visibility on '02 growth before getting more constructive on ALGX shares.
						AG Edwards	Upgrading Allegiance to Buy with new price objective of $15; our valuation model indicates a fair value much higher than the current price. ALGX not overly exposed to weakening economy. Stock is highly speculative and a purchase is filled with risks. ALGX claims it is fully funded and will not need the $150M still available. Our model shows company to be fully funded but do see a need for the other $150M. Once a CLEC is thought to not be fully funded; stock falls to $3 or $1 or less.
						First Union	Recent sell-off appears overdone. ALGX management hosted a conference call tonight in response to recent negative stock performance and concerns emanating from the pre-release made by TWTC on Tuesday. Only change in the business is a tempering of low-margin data services. As a result of tempered data growth and modest impact from the recent attacks, lowering revenue estimates. 2001 is now estimated at $523.5M versus our prior estimate of $551.2M. 2002 is reduced to $814M from $926M. 2001 EBITDA estimate is unchanged at ($104M); our 2002 EBITDA estimate of ($22.4M) compares to our prior estimate of ($15.6M). Continue to project positive EBITDA in Q402. Revised target price of $19 per share versus $29 earlier reflects the long-term impact of tempered data growth. Company remains over-funded on its business plan by $115M. Reiterate Strong Buy 1 rating given the favorable balance sheet, the fully funded balance sheet, and a compelling valuation. Model continues to suggest that there is over $115M in excess cash beyond its current business plan. Recommend aggressive purchase.
						Kaufman	They're going the distance; Strong Buy; price target lowered to $20 from $27. Adjusting our estimates for Allegiance to accommodate management's recently revised guidance. Revised model looks for organic year-over-year growth of 53% in 2002. Aided by the completion of three remaining markets in 2H01 and the addition of new anticipated EBITDA positive markets to its structure (over a dozen are already EBITDA positive excluding corporate overhead), we look for Allegiance to move through a strong growth curve in cash flow, leading to EBITDA positive in 2H02 and free cash flow positive by the end of 2003. Look for 3Q01 line sales, installs, revenues and EBITDA of 184,715; 137,500; $137.9 million and ($25.1 million), respectively, down from our prior estimates of 201,508; 145,000; $144.1 million and ($25.1 million). Lower line sales and installs are primarily due to the loss of several days out of 3Q01 due the national impact of the attacks on the U.S. Revenues were also impacted by weak demand at Allegiance's hosting business, driven by discretionary spending on the part of SME customers.

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							(Cont'd) 2002 and beyond model is impacted by this shift in installs and slightly lower ARPU of $48+ versus prior estimates of $50, which believe could prove conservative heading into raised local prices by the ILECs this winter and the proliferation of Allegiance's IAD product, which appears to be gaining substantial traction, allowing the company to substantially penetrate the small business market. Raising 2002 EBITDA estimate to ($13.2 million) from ($21.3 million) due to the company's SG&A expense controls and a lower revenue run rate. Continue to believe company is fully funded. With the cast of characters thinning, pricing firming, and only 8% penetration of the local marketplace on the part of CLECs/ICPs, we still predict a great period of growth for new entrants into the local loop. Allegiance management invented this game. They are well versed in the ways of the Street and have set the watermark for Allegiance's performance at a worst-case scenario. Believe company guidance will provide conservative and predict ALGX shares will outperform heading into winter 2001-02.
						Kaufman	(Intraday) ALGX shares sold off sharply yesterday and this morning in sympathy with Time Warner Telecom, which pre-announced 3Q01 results below expectations; feel was unfounded and indicative of a Street that has embraced a ready shoot aim mantra. These two companies have different business models, which lead us to believe that softness at Time Warner is not indicative of an upcoming poor 3Q01 for Allegiance. Most of Time Warner's shortfall was from carrier disconnects and bankruptcies as well as poor intercarrier compensation levels rather than from weak growth at its enterprise facing business. Think the Street has painfully realized (and is still discerning) that Time Warner is more of a CAP (competitive access provider), with a primarily facilities-based model geared towards serving telcos and medium- and large-size enterprises, than a true CLEC/ICP, which we define as an emerging telco using a combination of company-owned facilities, leased networks and resold facilities to directly face enterprise customers.
							(Cont'd) Business under pressure of late but would like to point out that 1) company hit its numbers last year even during the several week long Verizon stoppage/strike; 2) ALGX shares down 50%+ in recent trading sessions, which places too much emphasis on near-term economic issues and does not give the company credit for being on the verge of completing its business plan; 3) company not exposed to integration issues related to large transactions; and 4) Allegiance over funded by $100 million. Think this is an opportunity to complete positions in Allegiance. Company has 1) total end user focus; 2) little/no transport revenues; 3) conservative recip comp and intercarrier compensation exposure; 4) strong balance sheet over funded by $100 million to complete its 36 market build-out by year-end 2001; and 5) strong management team. Reiterate Strong Buy in anticipation of 1) solid 3Q01 to be reported on Oct. 23; 2) a keynote address on Oct. 16; and 3) completion of company's 36-market plan, which should lead to strong gains in EBITDA and free cash flow through 2003. Price target remains $27.
					20:05	SSB	ALGX: business growing, balance sheet solid, unfairly tainted by Group. Emerging telecom names were out of favor prior to the tragedy of September 11th, and are not high on anyone's recommended list. Time Warner Telecom, preannounced a big revenue and EBITDA shortfall, essentially wiping out sequential growth. Given that TWTC was highly regarded, this sent shock waves throughout the group, and clearly impacted ALGX. Believe ALGX is still growing nicely on a sequential basis, is seeing DSOs decline and has seen a resumption of its business trajectory ALGX is largely an end-user oriented SME focused CLEC where only 15% of lines or revenues come from wholesale customers, with a big portion of that coming from a few very large ISPs. With almost 800 colocations in over 30 top markets with over 1,500 salespeople and a state of the art backoffice, ALGX is perfectly positioned, in our view, to continue to penetrate the SME market. The financial impact of the events of Sept 11th and the subsequent lack of business activity for the rest of the month is rather minimal.
							(Cont'd) In all cases, service was restored to ALGX customers within a matter of days if not hours and frankly ALGX's ability to reroute incoming calls to business locations to home phones or cell phones or other sites was a testimony to ALGX's systems robustness and network diversity. ALGX now expects Q3 revenue of $135 million compares to our previous estimate of $143 million and estimate that $3 million of the shortfall is due to a conscience decision to scale back hosting and managed modem. Net line adds should be 135,000 to 140,000 up from Q2's 135,000 with a higher quality mix of more end user less wholesale to drive even further down the 15% of ALGX's lines which are wholesale. From an EBITDA perspective ALGX still expects EBITDA loss of about $26 million in Q3, in line with our estimate and will actually see day sales outstanding drop by two or three versus Q2 levels of 90 days. This bodes well for ALGX's ability to hit their target of reaching EBITDA breakeven by mid-2002 and obviously reinforces the notion of ALGX being fully funded.
							(Cont'd) In fact on a going forward basis revenue per line should increase even though it will decline in Q3 versus Q2 then pick up again due to timing of installs. For 2002 ALGX still expects revenue in the $800 million range and essentially breakeven in EBITDA, thus no change from prior guidance. Capex should be $90 million in Q3 then drop to $45 million in Q4 bringing total 2001 capex to $360 million (there was some equipment purchases pushed up from Q4 to Q3). In 2002, capex should not exceed $250 million driven by success-based or revenue linked spending (since all of ALGX's 36 markets will be built out) which bodes well for return on invested capital. ALGX remains on very solid footing with respect to its liquidity position and its balance sheet and is without question fully funded. ALGX has only $600 million of debt plus the $350 million just recently completed bank facility (done, by the way, at a 6% rate post-disaster).

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							(Cont'd) Believe ALGX has no need whatsoever to do a recap (its bonds trade around 80) which dilutes equity holders. Risk to investment thesis is that the market has a defensive bias right now and ALGX currently has negative EBITDA and negative free cash flows. Expect ALGX to turn EBITDA positive in the second half of 2002 and free cash flow positive in the 2004-2005 time frame. We do not expect the defensive bias to last forever but in the near-term, the market sentiment could keep a lid on the stock price. Although our target price using a DCF model is $20 per share we are still lowering our near-term price target to $10 per share down from $30 per share to acknowledge that the stock has fallen, and $20 seems lofty versus the current price of $4.42. Calculation of firm value includes $950 million in debt with no credit for ALGX's cash balance as the cash will be spent in operations. When the sentiment in the market is more palatable for growth stocks we believe we will be in the position to raise our price target to our DCF-driven $20 value.
9/27/2001	5,568,100	$ 3.85	-12.9%		6:36	BN	Allegiance was reiterated Strong Buy at First Union; target price is $29.
					7:45	BN	Allegiance was reiterated Accumulate at FBR.
					8:40	William Blair	Allegiance pre-release cited recent terrorist attacks in NY and much slower growth within dedicated Web hosting as factors affecting revenue; lowered 3Q guidance to $135 million from $147 million and 2001 revenue by 5% to $523 million from $540 million. On positive note, reiterated 2001 EBITDA loss est $100-105 million despite reduced rev guidance. Maintain Strong Buy.
					9:32	BN	Allegiance cut to Add from Buy at Credit Lyonnais; price target is $8.
					9:44	BN	Allegiance downgraded to Buy from Strong Buy at Thomas Weisel Partners.
					10:04	BN	Allegiance downgraded to Neutral from Strong Buy at Dain Rauscher Wessels.
					10:21	RN	Robertson Stephens said Thursday it has cut its estimates and target price on Allegiance to ($3.89) from ($3.84) and to $17 from $26, respectively. Maintained Strong Buy; believes long-term fundamentals remain intact.
					11:06	BN	Allegiance was reiterated short-term and long-term Strong Buy at Hibernia Southcoast Capital; price target cut to $34 from $58. EPS estimates for FY 2001 and FY 2002 raised from ($3.73) to ($3.70) and from ($3.64) to ($3.36), respectively.
					13:14	FII	Fitch published Credit Update report on Allegiance Telecom.
					17:02	BN	Allegiance fell 13%; lowered 2001 sales forecast by 5% blaming Sept. 11 terrorist attacks on WTC for slower demand.
						AG Edwards	*ALGX: now maintain due to our new stance on the CLEC industry.*
						Baird	Maintain Market Outperform rating. Yesterday, management pre-announced Q3 results with line installations and revenue slightly below expectations but EBITDA basically in line with our estimate. Expect company to end quarter with about $550M in cash. Management believes it can fund its current plan to FCF positive without draining additional capital. We forecast company to be FCF positive in late 04 or early 05; company will need to draw down remaining $150M. Reducing price target from $35 to $25 based on our more conservative growth assumptions.
						CIBC	*Telecom Services - Allegiance Telecom report.*
						CLS	Allegiance pre-announced 3Q results in line with prior guidance; sites softness in web hosting sales and impact from slow line provisioning by Verizon. Lowering full year 2001 revenue guidance by 5%; lowering rating to Add from Buy and price target from $18 to $8. Company said during conference call that company's balance sheet is strong and it expects to end 3Q with about $540M cash. Management also reported that company is in full-compliance with the debt capitalization and revenue test covenants mandated in its bank credit agreements. Lowering our 2001 and 2002 revenue forecasts to $542M and $852M; EBITDA now ($100M) and $12.1M; loss per share now $3.73 and $3.58, respectively.
						CSFB	ALGX: down but not out. Key issue for investors is whether Allegiance will continue to execute in line with revised expectations and remain funded. We believe caution is warranted. Remain Neutral/Speculative rating.
						DB MMN	*ALGX: 3Q01 preview below guidance, no change to estimates (yet).*
						Kaufman	Pre-announcement was good news; unprecedented irrationality in market price. Allegiance pre-announced 3Q01 results yesterday with positive news of traction in core local business despite the "CNN effect" and subsequent two-week molasses of new orders following the terrorist attacks. 3Q01 revenue goes to approximately $135 million versus our estimate of $144 million. 2001 net revenue goes to $522.5 million from $550.0 million, versus our estimate of $539.6 million. Company is guiding for 2002 revenues of at least $800 million on organic growth, which will likely be supplemented by M&A to get to our estimate of $835.2 million. Considering that the company has demonstrated consistent execution of its business plan for the past three years, is fully funded with $540 million in cash, and has affirmed its milestone trajectory despite exogenous disruptions. When CEO of Allegiance says that we are seeing unprecedented irrationality in the pricing of ALGX, we could not agree more. Reiterate Strong Buy rating.
						Lehman	ALGX: weaker top line. Company released weaker than expected 3Q results and lowered full year outlook, below prior Street estimate. Adjusting our 2001 revenue and EBITDA loss to $517M and $105M, respectively; 2002 relatively unchanged. From a funding perspective, we continue to forecast a manageable $100M shortfall in 2004. Rated Buy and $17 price target.
						RBC	*Analyst report.*
						Robertson Stephens	*Analyst report.*

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						Stephens	ALGX: reduces 2002 outlook; maintaining our Buy rating because of wide disparity between current share price and target. Price target cut from $28 to $16. In investor conference call, Holland vigorously promoted the ongoing health of the company. As we see it, the company's new projections extend well beyond the impact of this month's terrorism. Company still expects to generate positive EBITDA in 2H02 due to its focus on cost controls. We think Allegiance is beginning to run into the law of large numbers sooner than many of us had expected. The main issue for investors now is whether or not this will be the first of more shoes to drop at Allegiance. Think stock price more than compensates for the uncertainty.
						Wachovia	Expects to meet EBITDA forecast on lowered revenue expectations; maintain Strong Buy rating with lowered price target to $14. Believe Allegiance is well positioned to benefit from deregulation of the local telecom market. Company had fully funded business plan.
9/28/2001	18,985,500	$ 3.01	-21.8%		11:23	BN	Allegiance was reiterated Strong Buy at Kaufman; price target cut from $27 to $20.
						DB	*3Q01 preview and model book - conditions could get worse before they get better.*
						Kaufman	Adjusting estimates for Allegiance to accommodate management's recently revised guidance. Revised model looks for organic year-over-year growth of 53% in 2002. Aided by the completion of three remaining markets in 2H01 and the addition of new anticipated EBITDA positive markets to its structure (over a dozen are already EBITDA positive excluding corporate overhead), we look for Allegiance to move through a strong growth curve in cash flow, leading to EBITDA positive in 2H02 and free cash flow positive by the end of 2003. Look for 3Q01 line sales, installs, revenues and EBITDA of 184,715; 137,500; $137.9 million and ($25.1 million), respectively, down from our prior estimates of 201,508; 145,000; $144.1 million and ($25.1 million). Lower line sales and installs are primarily due to the loss of several days out of 3Q01 due the national impact of the attacks on the U.S. Revenues were also impacted by weak demand at Allegiance's hosting business, which is driven by discretionary spending on the part of SME customers that currently are suffering due to economic uncertainty. (Cont'd) Our 2002 and beyond model is impacted by this shift in installs and slightly lower ARPU of $48+ versus prior estimates of $50. Slightly raising our 2002 EBITDA estimate to ($13.2 million) from ($21.3 million) due to the company's SG&A expense controls and a slightly lower revenue run rate. Continue to look for Allegiance to turn EBITDA positive in 2H02 and free cashflow positive by the end of 2003. ALGX shares, and almost every telco stock in the world, have sold off due to irrational pessimism that is now impacting the high end of the communications space. With the cast of characters thinning, pricing firming, and only 8% penetration of the local marketplace on the part of CLECs/ICPs, still predict a great period of growth for new entrants into the local loop. Believe company guidance will provide conservative and predict ALGX shares will outperform heading into winter 2001-02, at which time its 36-market business plan will likely be completed and visibility to the path to profitability should greatly improve. Reiterate our Strong Buy rating.
10/1/2001	3,682,100	$ 3.34	11.0%		15:22	*BNP*	*BNP Paribas HY issued High Yield Research report.*
					17:03	BN	Demand for services of local-phone companies including XO and Allegiance has failed to meet expectations.
						Buckingham	Downgrading Allegiance from Strong Buy to Neutral. Given lack of confidence in our projections and decimation of CLEC valuations in general, have no satisfying way of valuing these stocks. Weakening economy and attacks have hit CLEC hard and was matter of time before ALGX indicated the impact it was seeing. ALGX is a winner in CLEC sector and suspect we are low ticking the stock. Company in great position in funding itself at relatively low-single digit interest rates which should help it to bring it to FCF positive, which we estimate in 2004. ALGX is a winner; business plan and execution have been first class. When get more confidence in numbers, will be able to value the equity.
						SEC	S-3 filed re: The selling stockholders identified in this prospectus, and any of their transferees, donees, pledgees or other successors in interest, may offer to sell up to an aggregate of 1,784,048 shares of common stock.
10/2/2001	3,472,600	$ 3.17	-5.1%		9:19	BN	Allegiance to register almost 1.8 million shares owned by investors, including Bank One NA and an affiliate of Cisco Systems. Once cleared by SEC, owners can sell in open market. Bank One included 626,956 of its 1.25 million shares in the registration; Cisco included 849,033 of its 1.69 million shares.
					11:50	PRN	Kaufman announced 4th Annual Emerging Communications conference on Oct. 15 and 16; CEO Holland to be a keynote speaker.
10/3/2001	2,983,400	$ 3.15	-0.6%		10:32	PRN	Hosting.com introduces complete package of database services for Oracle server.
						Moody's	Ratings published for Allegiance.
10/4/2001	2,082,000	$ 3.31	5.1%		16:15	Bear Stearns (BS)	Initiated coverage of ALGX with an Attractive. We regard ALGX as the 'smart-build' CLEC. Company has superior scalability due to investments in the back office support systems, efficient deployment of capital, largely success based. ALGX focuses on the SME customer base, one that is largely ignored by incumbents. Company has a fully funded business plan for 36 US markets, and is EBITDA positive in '02. Business model relies on incumbent carriers for 'last mile' connectivity. Softening of wholesale data business despite the focus on only top-tier customers. The long-term potential to move upstream from SME customer base is uncertain. Have established a $15 price target.
10/5/2001	5,005,600	$ 3.54	6.9%		9:43	BN	Allegiance rated new Attractive at Bear, Stearns (BS).
					18:05	BN	JP Morgan analyst talks with Bloomberg about Allegiance Telecom's shares and debt.

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						BS	High Yield Research. Allegiance bonds both rated Buy. Both rated B3 by Moody's and B by S&P.
						BS	Initiation of coverage on CLEC sector. While the market may indicate otherwise at this time, believe the CLEC space provides a valid thesis for long-term investment today. Believe this to be particularly true for those names we consider to be key leaders - the real winners - in the competitive telecom sector today with companies like Time Warner Telecom and Allegiance Telecom, and we are initiating coverage on both of these companies with an Attractive rating. Shakeout of the sector is not yet played out; It will continue for at least 6-9 months. Sector will be cut in half to shout 10 names in 12 to 18 months. M&A activity wilt be a major driver, but such activity benefits only the acquirers. Time Warner Telecom & Allegiance Telecom are our top picks. Since inception, ALGX has distinguished itself with its management team, sponsorship, strategic relationships, access to capital, and financial performance. Initiating coverage of ALGX with an Attractive rating and a 12-month target price of $15.
						Prudential	Last quarter earnings surprise of 66%.
10/8/2001	1,598,300	$ 3.47	-2.0%			JP Morgan	Estimates and prices current as of 9/28: Buy rating and $57 price target.
						BS	Data of 10/1 close. The CLEC sector: initiation of coverage. Sector shakeout presents opportunities for long-term investors. Allegiance and Time Warner Telecom are top picks. Company is fully funded but will need to return to the markets for additional funding under its current business plan.
						JP Morgan	Downgrading competitive telecom stocks. ALGX rated Buy.
						UBS	Rated Buy; $27 price target.
10/9/2001	1,752,700	$ 3.61	4.0%		15:13	DJCFA	Massachusetts Financial Services lowered its holdings in Allegiance to a 1% stake from a 10.1% stake according to a June 29 SEC filing.
						Hibernia	Four Tier 1 CLECs are Allegiance, Time Warner Telecom, XO and McLeod. Short-term and long-term rating is Strong Buy.
						ML	Wired Wireless Weekly.
10/10/2001	1,570,800	$ 4.12	14.1%			BS	CLEC shakeout to continue for 6 to 9 months. Real winners and top picks are Allegiance Telecom (rated Attractive) and Time Warner Telecom (rated Attractive). Carnage in sector will continue well into 2002.
						BS	Allegiance placed on review by Moody's for downgrade.
					14:15	DJNS	SSB cuts earnings estimates for telecom companies including Allegiance, reflects weakened economy.
10/11/2001	6,847,100	$ 6.06	47.1%			CSFB	Diversified telecommunication services: CLECs. Allegiance rated Hold. Expect Allegiance's top line growth to be 8% for 3Q.
						Hibernia	Short-term and long-term rating is Strong Buy with $34 price target.
						JP Morgan	CLECs - we downgraded 4 companies. Have seen Allegiance reset expectations for at least the rest of 2001 as a precursor for lower 2002 projections to come. Allegiance rated Buy with $57 target price.
10/12/2001	5,030,800	$ 6.40	5.6%		6:29	UBS	CLEC industry: no equity upside for near to medium term. Downgrading CLEC industry due to concerns about carriers' poor results, weaker abilities to generate near-term cash flow in a worsening economy, low visibility and valuation. Lowering Allegiance's rating from Hold from Buy; new price target set to $5 from $27. Concern is the ability of CLECs to create long-term businesses that generate cash flow for shareholders. While Allegiance's management maintains that it is fully funded, we forecast ALGX will face a shortfall in mid-2004.
						SEC	Prospectus filed re:
						ML	Wired Wireless Weekly.
10/15/2001	1,716,000	$ 5.79	-9.5%			BS	Telecoms Weekly. Shares rated Attractive. Two favorites of the CLEC sector are Allegiance Telecom and Time Warner Telecom. Allegiance outperformed market significantly over the last week; rated Attractive.
10/16/2001	3,168,500	$ 6.73	16.2%		6:15	BN	CEO Holland list Attractive.
					14:42	Capital Markets Report	At Kaufman Brothers investor conference, Allegiance said it expects to complete its entire 36-market buildout plan by the end of November.
						CSFB	CLECs: 3Q01 vital signs preview. Allegiance rated Hold. As a result of changes to our FY01 and FY02 estimates, our cash burn analysis now indicates a funding gap of about $29M versus our previous estimate of $5M.
						Wall Street Transcript Digest	*CFO Lord interview.*
10/17/2001	3,196,200	$ 6.29	-6.5%				
10/18/2001	1,129,600	$ 6.03	-4.1%			CLS	Maintain Add rating and price target of $8. Management reported that company in full compliance with debt capitalization and revenue test covenants mandated in its bank credit agreements.
10/19/2001	1,473,000	$ 5.68	-5.8%			CSFB	Pre-results comment. Allegiance rated Hold. Reduced FY01 and FY02 revenue and EBITDA estimates following preannouncement of 3Q results on Sept. 26.
10/22/2001	2,539,700	$ 4.94	-13.0%		6:03	PRN	Zacks all-star analyst issues recommendations for 4 stocks - Allegiance, Broadwing, Time Warner Telecom, and Qwest.
10/23/2001	2,757,400	$ 5.21	5.5%		16:04	DJNS	Allegiance 3Q loss 94 cents a share.

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
					16:04	PRN	Allegiance announced 3Q revenues of $135.1 million, an 8.9% increase over 2Q and a 68.9% increase over 3Q 2000. New installs of 136,200 lines and new orders of 182,000 lines; total lines in service increases to 1,005,900. CFO Lord said that "we remain comfortable with the covenants in the form in which they were set when this facility was established in February 2000. Allegiance has not sought to amend these covenants in any respect. The $350 million is being invested in short term Treasury securities, consistent with our cash investment policies. During the fourth quarter, we expect to effectively lock in our borrowing cost by using hedging techniques to move the floating rate debt to a fixed rate basis."
							(Cont'd) Expects cash burn to decline significantly in 4Q due to lower capex expenses and continuing EBITDA improvement. Allegiance began reporting operating results in 4Q 2000 for 9 of its markets. In 3Q01, new line installations were 45,900 in the 9 markets, 9.5 improvement over 2Q01. Total installed lines in the 9 markets now total 528,600, a 67% increase over 3Q00.
					16:18	BN	Allegiance had wider 3Q loss on higher expenses; loss $0.94/share; sales rose 69% from year earlier. Analysts' had expected loss $0.97/share
						Lehman	Allegiance reported results in line with those pre-released in late September. Provisioning progress remains strong while anecdotal commentary surrounding the rebound in sales productivity increases our confidence on the company containing impacts from the events of 9/11 to 2001. Allegiance maintains a solid balance sheet with no near term funding concerns, and thus can invest is its business model while others are scaling back. However, 4Q01 numbers appear aggressive to us. Mirroring preliminary results, 3Q01 total revenue of $135.IM grew $11.IM or 8.9% sequentially, versus $1 7.2M or 18.2% for 2Q01. Continued blended voice ARPU contraction and slower post-9/11 line provisioning contributed to a slowing of local revenue growth from $7.4M in 2Q01 to $5.0M. Rating is Buy; target price is $17.
							(Cont'd) Trends from the early nine markets continue to be confusing, with ARPUs excluding the first nine dropping 11% sequentially after rising 7% in 2001. Operational progress continues. Further, from 1Q01 through 3001, Net Days Sales Outstanding DSO have improved, by our math, from 94.5 to 91.8 to 86.5 days. Reported ARPU declined 6.9% sequentially, after a 2.0% decline in 2Q01 primarily driven by more than a $3 drop in local revenue per line, which in part is mix related with increased data lines and higher long distance take rates. Excluding switched access revenue, we estimate ARPUs contracted 4.4% sequentially versus a 4.4% expansion in 2Q01. as 2Q01 had more material impacts from rate reductions. Reported gross margins improved 40 basis points sequentially to 51.4%, with incremental cost of services improving from 53% in 2001 to 44%. Going forward, margins may contract in 4001, as the company undertakes fiber-lighting initiatives in 7 markets, versus 3 in 3Q01, and in the near term incurs full operating costs without utilization or coinciding revenue benefits.
						SSB	3Q results in-line with pre-announcement; no surprises. Rated Buy, Speculative; price target is $10. No change to guidance given on 9/26. Positive EBITDA expected in 2H02; no recap diluting equity would be necessary. While we can't ignore the realities of the current stock market mentality, do believe ALGX is a long-term speculative investment for investors who can stomach the risk profile of this group. 136,200 lines installed in 3Q versus our estimate of 135,000; company expects to add 550,000-560,000 net lines this year. Allegiance remains funded to FCF positive; fully funded business plan, not reliant on vendor financing. Company expects to turn EBITDA positive 2H02.
						Wachovia	Q3 2001 results underscore viability of CLEC business model; no change to Allegiance's estimates, reiterate Strong Buy. Price target is $12. Company remains fully funded with estimated $75M funding cushion on its business plan. Allegiance remains top pick in CLEC sector.
10/24/2001	2,996,400	$ 6.74	29.4%		8:32	JP Morgan	Allegiance 3Q in line with preliminary guidance Sept 26. Expect 4Q rev $155 million which puts full year at $520 million. Buy maintained.
					10:57	BN	Allegiance was reiterated Strong Buy at Robertson Stephens; price target is $17.
					13:36	BN	Allegiance rose 24% to $6.45; loss of 94 cents a share announced; consensus was 97-cent loss.
					17:03	STM	StarMine 23 analysts covering Allegiance; Wachovia listed as most accurate.
					17:09	BN	Allegiance rose 29%; 94-cent loss announced vs 97-cent loss forecast by average estimate of analysts.
						PRN	Allegiance Telecom announces robust third quarter results one millionth in line installed; revenue, sales, installations, and EBITDA on track with pre-release. 3Q01 Revenues of $135.1 million– increased by 8.9% compared with 2Q01. New installs of 136,200 lines (an increase of 48.2% over 3Q00) and new orders of 182,000 lines. Total lines in service increases to 1,005,900. Adj. EBITDA loss margin from 22.7% in 2Q01 to 19.6% in 3Q01. $150 million remains undrawn in Allegiance's $500 million credit facility.
						AG Edwards	*Allegiance Telecom - reports a ho-hum third quarter.*
						Baird	ALGX: Q3 results in line with revised expectations.
						BS	Allegiance posts 3Q01 results. Maintain Attractive rating. Lower ARPU reflected tougher operating environment. Company continues to be fully funded. Management views remaining portion of its credit facility as largely an unneeded financial "cushion" for its business plan.

Allegiance Telecom Inc. (ALGX)
Class Period: 4/24/01 - 2/19/02

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
						Buckingham	Not changing our forward-looking estimates at this time. ALGX fully funded; total cash burn for 2002 and 2003 projected at $445M. Our projections agree with the company's estimate of a $150M cushion in liquidity. CLEC business appears viable to us. Revenue quality is improving; approaching EBITDA positive. ALGX is over-reserved for bad debt.
						CIBC	*Telecom Services - Allegiance Telecom: 3Q results in line, with some...*
						CLS	Allegiance: solid performance in a weak quarter. Company has higher leverage with the $350M from its credit facility, but maintains a well-conceived balance sheet. Lowering our estimates; company lowered revenue expectations for 2001 by 5%. Maintaining Add rating and $8 price target. Believe balance sheet quality remains stable.
						CSFB	Believe that Allegiance has consistently executed on its business plan (outside external events) and that company is creating franchise value. Believe company is conservatively funded through 2003; ALGX will be a survivor. Remain concerned about impact of weakened economy will have on its core business. Reiterate Neutral/Speculative recommendation on ALGX bonds at current prices. Capex of $88.4M significantly above our estimate of $64.9M for 3Q. ARPU had sequential decline of 7%.
						FBR	Key operating metrics continue to show improvements despite the challenging economic environment. Mature markets continue solid revenue and EBITDA growth. Company remains fully funded for its 36 market business plan. Reiterate Accumulate rating for risk tolerant investors. Allegiance positioned as survivor and leader in CLEC sector. Company has 1,005,900 lines installed as of 9/30. Estimate EBITDA positive in 3Q02.
						Hibernia	*ALGX: 3Q01 operational metrics, detailed trend analysis; revising 2002 estimates.*
						Kaufman	ALGX reports solid 3Q01; updating model and maintain Strong Buy. 36-market plan to be completed in November, paving way for substantial improvements in FCF. Strong Buy with $20 price target. Company is fully funded; $687M available plus $150M undrawn; these sources fund growth to the company's FCF inflection point in 24 months.
						KeyBanc Capital	*ALGX: meets lowered 3Q01 expectations.*
						Robertson Stephens	*Analyst report.*
						SBC MMN	*ALGX: 3Q results in-line...*
						Stephens	ALGX: third quarter matches guidance; maintaining Buy rating; price target is $16. Can see why investors have shunned Allegiance's shares of late. While we believe company is very well managed, both Allegiance and CLEC sector have been characterized by an excess of promotion, lack of settled standards of valuation and inadequate public understanding of key performance and valuation metrics. No longer valuing shares on access line equivalent; numbers are losing their relevance. Now basing valuation on 8-year DCF methodology. It is up to Allegiance to make itself more clearly understood to investors.
						UBS	Hold. 3Q results in line. Investors stay on sidelines - in past 4 weeks we have seen Allegiance lower 2001 and 2002 guidance, the economy worsen significantly, and most of wireline telecom demonstrate its woes and point to difficult 2002.
						William Blair	Allegiance delivers on revised guidance and reports Oct sales off to a strong start. Strong Buy maintained. Moe than 1 million total lines in service; installed 136,200 new lines despite terrorist attacks.
10/25/2001	2,664,300	$ 6.91	2.5%		16:37	BNP	BNP Paribas HY issues report on Allegiance's 3Q results - Solid despite weak economy.
10/26/2001	1,570,400	$ 6.96	0.7%		10:09	Business Wire	Broadwing announces multi-year lightwave agreement with Allegiance to provide 2.5 gigabit lightwave services, connecting 8 of carrier's major metro markets.
10/29/2001	1,080,100	$ 6.68	-4.0%				
10/30/2001	1,668,700	$ 6.03	-9.7%			McDonald Equity Research	Allegiance's 3Q results fell in line with pre-announced guidance. Moderately adjusting our estimates for 2001 and 2002. Nine early markets continue to improve. Maintaining Hold (3) rating; despite rating, Allegiance remains our top pick in the CLEC space. Holding off on Allegiance upgrade given the worsening economic outlook and negative investor sentiment toward most telecom services stocks.
10/31/2001	1,627,200	$ 7.18	19.1%				
11/1/2001	3,687,700	$ 7.57	5.4%			Fiber in the Loop	Fibertech Networks and Allegiance sign dark fiber network 20-year agreement.
11/2/2001	1,174,500	$ 7.45	-1.6%			BS	Allegiance has 3Q01 Conference Call on Oct. 23 at 5:00 pm ET.
11/5/2001	1,376,100	$ 8.00	7.4%				
11/6/2001	2,318,100	$ 8.30	3.8%				
11/7/2001	1,750,000	$ 8.62	3.9%				
11/8/2001	2,850,900	$ 8.88	3.0%			*Duff & Phelps Credit*	*Allegiance Telecom.*
11/9/2001	1,413,900	$ 9.00	1.4%			First Global	Allegiance expanded operations to 2 new markets this quarter and appears on track for planned network rollout 36 markets by year-end. Expansion ok but hitch is that most markets are negative contributors to EBITDA. Stock price has fallen 77% from peak but has rebounded since. Recent run-up has been too rapid plus cash drain on company remains. Underperform Short-term.
11/12/2001	1,091,400	$ 8.95	-0.6%		9:45	PRN	Allegiance provides services in Pittsburgh, the 35th city added to Allegiance's facilities based network.
					10:11	BUS	Fibertech Networks and Allegiance Telecom sign dark fiber network agreement.

Allegiance Telecom Inc. (ALGX)
Class Period: 4/24/01 - 2/19/02

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
						BS	Rated Attractive; price target is $15.. Investor meetings with senior management provide additional insight. 4Q01 performance on track with recent guidance from 3Q01 earnings Conference Calls. 2002 capital spending is flexible and largely success-based for Time Warner Telecom and Allegiance. Investor sentiment toward CLECs continues to be relatively weak in general. Very comfortable with Allegiance guidance for 4Q. Allegiance has no plans to expand beyond current 36 markets. 95% of Allegiance's targeted customers not located in buildings served with fiber. 90-95% of new line adds from new customers, not same-store sales. Investors should focus on ramp-up of revenue per employee ratio; primary competitor remains the incumbent.
						Hibernia	Allegiance one of top picks in telecom industry. Investors have discarded the DCF method of valuing emerging telecom companies. We now use EBITDA. Projecting 2003 as first year in which Allegiance will report meaningful EBITDA, which should grow more than 100% in the subsequent year. Allegiance price target is $24. Expects Allegiance to be dominant CLEC for small customer market.
11/13/2001	1,079,300	$ 9.05	1.1%			UBS	6th annual Global Telecom Conference highlighting the CLEC industry. CFO Lord: Allegiance's plan remains on track; not affected by economic downturn. Affirmed revenue, EBITDA and capital spending guidance for 4Q01 and 2002. We estimate Allegiance will turn EBITDA positive in 4Q02. Company remains well funded, with just under $680 million in available funding as of the end of 3Q01 and continues to have one of the least leveraged balance sheets in CLEC sector. Hold rating.
11/14/2001	1,230,300	$ 9.08	0.3%		14:44	BN	Small phone companies say House bill would force them to fold. Legislation in the U.S. House would let companies such as Verizon and SBC Communications Inc. stop leasing parts of their networks to smaller rivals, who need the capacity to carry some customer traffic. The big carriers say they would spend more to upgrade their networks for fast Web access if they didn't have to lease network space and forgo potential sales.
						SEC	10-Q filed for period ending Sept. 30, 2001.
11/15/2001	802,300	$ 8.89	-2.1%				
11/16/2001	936,200	$ 8.83	-0.7%				
11/19/2001	663,200	$ 8.54	-3.3%				
11/20/2001	1,474,600	$ 8.05	-5.7%		16:16	BN	Friedman, Billings, Ramsey suspends coverage of Allegiance.
11/21/2001	535,500	$ 7.88	-2.1%				
11/23/2001	341,700	$ 7.89	0.1%				
11/26/2001	2,411,200	$ 8.36	6.0%		12:45	BN	USAA analyst considers Allegiance Telecom a loser.
11/27/2001	2,937,900	$ 8.92	6.7%		9:37	BN	Allegiance raised to near-term Accumulate from Neutral at Merrill Lynch; long-term rating remained Accumulate.
11/28/2001	1,128,600	$ 8.44	-5.4%		12:47	FII	Fitch: 2002 to see more rating actions in telecom, media and tech.
						Hibernia	Allegiance has installed over 1.0 million access lines, of which 91% are "on-switch," providing compelling profit margins of 60% to 70%. With $537.6 million in cash and $150 million available on its line of credit, ALGX is fully funded to free cash flow positive, expected to occur in 2004. Our model shows Allegiance over-funded by about $200 million due to cash surplus available into 2004. Short-Term and Long-Term recommendation is Strong Buy with $24 price target. Feel Allegiance will emerge as the dominant U.S. CLEC in SME market; ALGX has to keep doing what they have been doing. Company not burdened with high interest costs.
						Hibernia	Telecommunications Services. Allegiance will emerge as the dominant CLEC targeting the small and medium-sized business customer. Reiterating Strong Buy and $24 price target.
11/29/2001	1,669,400	$ 7.79	-7.7%		9:30	BN	Allegiance was reiterated Strong Buy at Hibernia Southcoast Capital; price target is $24.
11/30/2001	1,082,800	$ 8.01	2.8%				
12/3/2001	711,800	$ 7.94	-0.9%		5:00	PRN	Allegiance's 36-market network now complete with addition of West Palm Beach/Boca Raton, FL. CEO Holland expects Allegiance to become EBITDA positive during 2H02.
					5:11	CR (Corporate Release)	Allegiance's 36-market network now complete with addition of West Palm Beach/Boca Raton, FL area. CEO Holland expects Allegiance to be EBITDA positive during 2H02.
						William Blair	Allegiance completes 36 market build; company can increase focus on operations and profitability. We believe Allegiance's long-term investment thesis remains intact. Maintain Strong Buy. Company currently serves more than 1 million access lines.
12/4/2001	1,201,200	$ 8.22	3.5%				
12/5/2001	1,877,800	$ 9.12	10.9%			CIBC	CLEC sector update: midway through the clean-up. For Allegiance investors with horizons beyond the next 12 months, believe current prices offer an attractive entry point into the stock.
12/6/2001	1,295,600	$ 9.36	2.6%			CIBC	Morning Meeting Notes. CLEC cash burn update. 3Q performance for group was mediocre, as expected. Allegiance rated Strong Buy with $27 price target.
						Wachovia	Suspending coverage of Allegiance Telecom due to change in personnel.
12/7/2001	1,011,000	$ 8.95	-4.4%			CSFB	CLECs reported 3Q01 results with revenues and EBITDA generally in line with our admittedly conservative estimates. Allegiance rated Hold.

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
12/10/2001	692,900	$ 8.67	-3.1%			Kaufman	Strong Buy rating and price target of $20. We believe our estimates for Allegiance, which are Street high, are too aggressive and must come down towards consensus for 4Q01 and below guidance for 2002. Accordingly, we are lowering the bar for the company to better reflect the following: 1. Extended economic uncertainty, which results in less demand for second lines and deferred enterprise spending. 2. Increased sales of lower ARPU albeit lower churn IAD bundles, which we argue have higher value than stand-alone UNE-L local lines. 3. Lack of in-period niche acquisitions, which have typically bolstered results. 4. A slowdown at major customer Genuity. 5. A seasonally weak 4Q01, which includes 8°/o less business days than typical three-month periods. 6. Continued soft demand for the company's hosting solutions. 7. Duplicate network costs as the company brings up additional metro rings to replace leased circuits, which should adversely impact line costs this Winter.
							(Cont'd) Despite these issues, continue to look for strong double-digit °/o top line growth and sharp gains in margins and free cash flow throughout the next several quarters. Our 4Q01E line sales, installs, ARPU, revenues, EBITDA and net losses per share go to 19O,952; 147,389; $46.83; $151.7MM; $21.5MM; and $0.90, respectively, from 196,952; 155,000; $48.51; $157.7MM; 520.0MM; and $0.89. Look for company to post cumulative installs of 1,609,308 by year-end 2002, basically inline with our prior estimate and representing 39% YoY growth in the company's installed base. Continue to believe Allegiance well positioned to demonstrate strong gains in EBITDA margins and free cash flow, aided by the recent completion of 36-market build-out across the U.S., leading to consolidated positive EBITDA in 4Q02, one quarter later than our prior estimate, and free cash flow generation in 2H03.
12/11/2001	1,139,300	$ 8.60	-0.8%				
12/12/2001	2,456,100	$ 8.19	-4.8%		18:15	BS	ALGX is one of a handful of CLECs with a fully funded business plan for 36 U.S. markets with over $600 million in liquidity. It has $687 million in cash and liquidity and $150 million remaining on Its credit facility. With this liquidity position, ALGX should not need to return to the markets to fund its network build-out plan. In fact, its market build-out was completed in Nov. `01. ALGX has made progress in its bundled T-1 offering for local, long distance, and internet access. Company maintains its `02 guidance given in Nov. We note there are potential risks with regard to the possibility of continued softening of the wholesale data business and our belief that there are no immediate/near term catalysts. ALGX possesses one of the least leveraged balance sheets in the industry, with total debt of $983 million. 12-to 18-mo. target price is $15; rated Attractive.
12/13/2001	2,125,000	$ 7.52	-8.2%		7:15	BS	Same report as Dec. 12.
12/14/2001	1,985,000	$ 7.48	-0.5%				
12/17/2001	2,344,200	$ 7.63	2.0%				
12/18/2001	1,599,500	$ 7.47	-2.1%				
12/19/2001	1,928,600	$ 6.75	-9.6%				
12/20/2001	3,557,600	$ 6.72	-0.4%			BS	The CLEC sector: quarterly update. No near-term catalysts present or forthcoming. 3Q was likely the worst sector performance in history of CLECs. Sector shakeout continues. Allegiance fully funded. Rated Attractive.
						BS	Competitive telecom sector quarterly update. Both Allegiance and Time Warner Telecom needs to restructure and both have fully funded business plans.
12/21/2001	2,530,800	$ 7.72	14.9%		9:38	BN	Allegiance rated new Outperform at US Bancorp Piper Jaffray; target price is $17.
					11:58	BN	Allegiance rose 11% to $7.48; company rated Outperform in new coverage at US Bancorp Piper Jaffray.
					16:59	BN	Allegiance rose 15%; company rated Outperform in new coverage at US Bancorp Piper Jaffray.
						US Bancorp Piper Jaffray (USBPJ)	Will all CLECs restructure? Not Allegiance. Initiating coverage with Outperform rating and $17 price target. Strong operational performance and prudent financial management. Market risk remains.
12/24/2001	1,008,300	$ 7.60	-1.6%				
12/26/2001	1,712,100	$ 7.25	-4.6%				
12/27/2001	639,400	$ 7.44	2.6%				
12/28/2001	1,038,900	$ 7.93	6.6%				
12/31/2001	1,091,600	$ 8.29	4.5%			BS	Vantage Point: Highlighting Industry Outlooks and Top Stock Picks for 2002.
1/2/2002	901,200	$ 8.52	2.8%				
1/3/2002	1,314,200	$ 8.83	3.6%		16:15	PRN	Allegiance Telecom acquires Intermedia Business Internet assets from WorldCom. Estimate total cash consideration to be in $10-$15M range which does not impact ALGX's strong funding position or balance sheet. Not adjusting 2002 forecasts at this time; will wait for formal guidance expected mid-Feb.
					17:12	BN	WorldCom agrees to sell Internet assets to Allegiance Telecom to satisfy requirements related to an acquisition.
					17:54	APN	WorldCom has sold the assets acquired from its merger with Intermedia Business Internet to Allegiance Telecom. Terms of deal not disclosed; Allegiance and WorldCom confirmed that transaction not financially material for either company.
1/4/2002	2,264,100	$ 9.30	5.3%		9:45	BN	Allegiance was reiterated Buy at Thomas Weisel Partners; target price is $19.
						BS	ALGX: Allegiance acquires WorldCom's Intermedia Business Internet assets. Terms not disclosed. Consider transaction not financially material. Maintain Attractive rating with $15 price target.

Allegiance Telecom Inc. (ALGX)
Class Period: 4/24/01 - 2/19/02

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
						CIBC	Allegiance acquiring Digex Internet backbone assets from WorldCom. Cash consideration in $10-$15M range; does not impact ALGX's strong funding position or balance sheet.
						CLS	Allegiance Telecom: acquisition of Intermedia Business Internet from WorldCom. Maintaining Add rating and price target of $8 pending further clarification. Company in full compliance with debt capitalization and revenue test covenants mandated in its bank credit agreements.
						CSFB	ALGX: acquisition of WCOM (Intermedia) assets cash flow neutral in '02; no help on improving rev quality. Deal terms not disclosed. Acquisition should help Allegiance achieve its current revenue target of $800M. Maintain Hold.
						JP Morgan	Allegiance acquired former Intermedia's Inet backbone assets and customer base from Worldcom. Believe the incremental revenue generated from the acquisition will add cushion to the company's ability to meet its $755 million revenue covenant for 2002 against guidance of $800 million for the year.
1/7/2002	1,987,100	$ 8.99	-3.3%			WSJ	WorldCom's Internet Business Internet sold to Allegiance. CSFB analyst estimated the deal to be $15 million and could help Allegiance meet its 2002 revenue target of $800 million.
						CIBC	Telecom Services: CLECs.
						Stephens	ALGX: Mr. Cheap's guide to buying a Tier-1 Internet backbone. Think acquisition is likely to be quite favorable for Allegiance. Maintaining Buy and $16 price target. At $15M, IBI looks like a good risk.
1/8/2002	1,530,900	$ 8.42	-6.3%		8:34	BN	Allegiance downgraded to Buy from Strong Buy at CIBC World Markets.
						CIBC	Allegiance - current model for 4Q and 2002. Yesterday, downgraded Allegiance from Strong Buy to Buy. Expect 4Q revenue of $150-$152 with EBITDA losses of $22M. Allegiance funded to 3Q03; EBITDA breakeven by 4Q02.
1/9/2002	1,377,600	$ 7.68	-8.8%				
1/10/2002	1,204,900	$ 7.59	-1.2%		8:00	PRN	VINA Technologies and Allegiance Telecom benefit from expanding market for integrated access.
1/11/2002	527,800	$ 7.60	0.1%			BS	European Morning Meeting Packet.
1/14/2002	2,302,100	$ 7.90	3.9%			BusinessWeek	On Dec. 3, Allegiance completed construction of local networks in 36 markets. Capital spending could be just $225 million in 2002, down from $365 million in 2001. Revenues expected to rise 75% to $975 million; Allegiance could generate net cash from operations, before interest payments and depreciation, in 2H.
1/15/2002	758,500	$ 7.29	-7.7%			DBAB	CLECS: sandblasted by the economy.
1/16/2002	1,004,100	$ 6.77	-7.1%		8:05	BN	Allegiance rated new Market Perform at DBAB; price target is $9.
						DB (Europe) MMN	*ALGX: Initiating coverage with a Market...*
1/17/2002	1,906,800	$ 6.40	-5.5%				
1/18/2002	1,848,100	$ 6.63	3.6%			UBS	CLECs: time for more tune-ups. Have not included IBI acquisition in revenue projections; anticipate that this gives it additional cushion for its revenue covenant and its 2002 revenue guidance of $800M.
1/21/2002					22:52	BN	WSJ: Andersen audit of Qwest prompts investors' questions regarding use of aggressive accounting by clients. Andersen also audited Allegiance.
1/22/2002	2,073,700	$ 6.17	-7.0%			CSFB	Telecom Services: CLECs 4Q01 Vital Signs Preview.
1/23/2002	1,453,800	$ 6.32	2.4%		14:48	PRN	Allegiance announces 4Q01 and 2001 earnings release for Feb. 19 at 5:00 pm ET.
						BMO Nesbit Burns (BMO)	Telecom Monthly: ILECs, CLECs, Wireless and Broadband.
						Stephens	ALGX: looking at accounting and accountants; maintaining Buy rating with $16 price target. Allegiance cited yesterday by WSJ as one of several telephone carriers using Andersen as its accountant. CFO Lord said he was satisfied with Andersen's work and has no plans to switch auditors. Some analysts have questioned level of Allegiance's receivables. Posed question, has Allegiance built up a rainy-day reserve fund to enable it to hide bad results for a quarter or two? Company's $36M reserve for doubtful accounts is not big enough.
1/24/2002	1,533,800	$ 6.62	4.7%			BS	ALGX: New York Public Service Commission reduces UNE rates. Not revising Allegiance model on this news; not clear when we will see its actual impact. Maintain Attractive rating.
						UBS	CLECs: don't count UNE price declines before they hatch.
1/25/2002	828,900	$ 6.70	1.2%				
1/28/2002	1,040,400	$ 7.17	7.0%				Global Crossing files bankruptcy.
1/29/2002	1,618,700	$ 6.35	-11.4%			Level 3 News Release	"If the current rate of sales, cancellations, and disconnects were to continue, the company may violate a revenue-based financial covenant as early as the end of the second quarter."
1/30/2002	2,267,300	$ 5.97	-6.0%				McLeod files pre-packaged bankruptcy plan.
1/31/2002	1,129,300	$ 5.96	-0.2%				
2/1/2002	2,432,400	$ 5.50	-7.7%			Level 3 News Release	Jan. 29 statement has "obviously caused concern" to investors and further exacerbated by press reports indicating Level 3 was giving implied notice of impending filing for bankruptcy. Speculation fueled by spate of bankruptcy filings in telecom sector including two this week. This interpretation is incorrect. Level 3 in better shape than rivals seeking bankruptcy and is unlikely to default on debt.

Allegiance Telecom Inc. (ALGX)
Class Period: 4/24/01 - 2/19/02

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
						BS	Competitive telecom C4Q01 earnings release information. ALGX reports on Feb. 19 at 5:00 pm ET.
2/4/2002	2,789,100	$ 4.88	-11.3%		8:59	DJCFA	West Highland Capital cuts Allegiance Telecom stake to 7.8% from 8.79%.
					10:30	PRN	IP aggregation from Allegiance allows service providers to cost effectively expand footprint with no incremental cost.
						BN	(Feb. 2): Bankruptcies, Losses roil Telecom Industry this week.
2/5/2002	3,584,000	$ 4.27	-12.5%				
2/6/2002	5,908,200	$ 3.75	-12.2%		17:53	Business Wire	StockPickReport.com announces new rating on Allegiance Telecom - negative.
						CLS	We forecast 4Q01 consolidated revenues of $152 million, equaling 12% sequential growth; consolidated EBITDA forecast is a loss of $24 million, a continuing improvement from an EBITDA loss of $26 million in 3Q01 and $28 million in 2Q01. For the bottom tine, we are expecting a net loss of $110 million, or $0.97 per share. Allegiance announced the acquisition of IBI assets from WorldCom in December earlier this month, and believe that this transaction should augment the expansion of Allegiance's data product. We arc maintaining our ADD rating and our price target of $8. Our 4Q01 forecast for consolidated revenues is $152 million, equaling 12% sequential growth from $135 million in 3Q01 and 60% growth from $95 million in 4Q00. For 4Q01 we are forecasting a consolidated EBITDA loss of $24 million, a slight improvement over the $26 million EBITDA loss in 3Q01 and $28 million in 2Q01. For the bottom line, we forecast a net loss of $110 million, or $0.97 per share.
							(Cont'd) Revenue mix in 4Q01 should be stable. We forecast gross margin of 51.3% for 4Q01, flat when compared with 3Q01. We forecast new line sales of 184,000 in 4Q01, a small increase from 182,000 lines sold in 3Q01. Churn rate should remain stable at the 2% level and we note that new customers are largely on term contracts with bundled voice/data products. We forecast 4Q01 capital spending of approximately $55 million, declining from $88 million in 3Q01. Allegiance plans to gradually reduce capital spending to $225-$250 million for 2002. Expect Allegiance to report continued solid results while many CLEC businesses are repositioning, restructuring or have exited the market.
						RealMoney.com	Royce Holland of Allegiance may be the best operator in the telecom business. The company has grown revenue from $99 million to $515 million over the last three years; projecting more than $800 million in revenues for 2002. The company expects to turn earnings before interest taxes, depreciation and amortization, or EBITDA, positive in the second of half of the year. Royce has delivered in the face of a "perfect storm." While Allegiance's balance sheet is not for the faint of heart it is one of the best. Company has just under $1 billion of debt and about $500 million in cash. Here is what I love about these guys: They raised $1 billion of equity when their stock was $70 per share and they locked in 6.5% financing on $300 million in debt when long-term interest rates bottomed in the fall. Company has an undrawn credit line for $150 million, and it doesn't need any more money.
2/7/2002	4,416,300	$ 3.76	0.3%			WSA	Form 144 filed; approximate date of sale 2/6/02; Morgan Stanley files to sell 2.8 million shares Allegiance.
2/8/2002	4,747,900	$ 4.22	12.2%		9:03	DJCFA	Substantial insider transactions reported on Feb. 7. Morgan Stanley sold 2.8 millions shares.
					11:34	DJCFA	T. Rowe Price's stake in Allegiance Telecom decreased to 0.8% with beneficial ownership of 932,700 shares. On Feb. 7, T. Rowe Price reported a 5.7% stake, with beneficial ownership of 6,450,100 shares.
					13:28	PRN	Morgan Stanley filed Form 144 to sell 2.8 million shares; foreclosed on loan collateralized by Allegiance stock.
					17:21	BN	Allegiance rose 12%; Morgan Stanley filed Form 144 intending to sell 2.8 million Allegiance shares.
					19:03	CNN Newswire	EquityAlert.com: Allegiance Telecom announcing that Morgan Stanley & Co. Inc. filed a Form 144 with the SEC, indicating that due to a foreclosure sale on collateral held by the broker dealer, it intended to sell 2,800,000 shares of Allegiance Telecom common stock. Allegiance has confirmed that a majority of these shares have been sold. According to the filing, certain clients of Morgan Stanley & Co. Inc. pledged registered Allegiance common stock as collateral for a loan by Morgan Stanley & Co. Inc. upon which they are in default. Following the news, ALGX exchanged over 4,747,000 shares in activity, up 12.2%.
						Prudential	4Q consensus forecast if ($0.98); 20 estimates included.
						Prudential	Earnings surprise model/quantum universe.
2/11/2002	3,080,300	$ 4.17	-1.2%			Crain's Chicago Business	A big chunk of the lucrative market for local business phone services is up for grabs starting this month, after state regulators ordered Ameritech to stop charging excessive penalties for customers that want to get out of certain service contracts; had locked up anywhere from 13% to 50% depending on who's doing the counting-of the estimated $3-billion local business phone market in Illinois with what regulators determined were anti-competitive contracts. For competing phone companies, which have had little to cheer about lately, the new rule means an opportunity for a quick revenue boost. "We're definitely gearing up to take advantage of this," says Jeffrey Fink, VP at Allegiance Telecom. "We're training our reps to make sure they understand the ruling and to go after customers under those contracts." Allegiance is digging out boxes containing records of dead-end sales calls collected over the past three years from customers locked into the Ameritech contracts. Those prospects now could mean big money.
2/12/2002	3,335,500	$ 4.13	-1.0%			UBS	Telco wake-up call.
2/13/2002	2,001,400	$ 4.11	-0.5%		8:23	DJPIR	ALGX rated 2.0 (Buy) with 22 analysts part of consensus; 4Q ($0.97).
2/14/2002	2,638,000	$ 3.94	-4.1%				

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
2/15/2002	2,648,300	$ 3.52	-10.7%			WSJ	Last May, when Allegiance Telecom's stock price was languishing at about $20 a share, CFO Thomas Lord made an audacious pledge to a room full of analysts. He vowed not to cut his hair until the telecom upstart's stock traded once again for more than $50. For a closet rock 'n' roll guitarist like Mr. Lord, the risk that his hair might brush his shoulders for a month or two wasn't especially alarming. At the time, the 45-year-old was confident that investors would eventually come around to Allegiance. So much for Mr. Lord's reading of market sentiment. Since then, investors have turned against the entire telecom sector with a vengeance, and Allegiance's stock price has been pounded, trading at 4 p.m. yesterday at $3.94 on the Nasdaq Stock Market. Last week, Mr. Lord surrendered to the market, called up his hair salon, and said, "Whack it all off."
						CLS	Allegiance has Buy rating with $53 price target. Allegiance reported in line 4Q00.
						Economist.com	Enronitis has hit the telecommunications industry. Telecoms companies have admitted that they used favourable accounting rules to inflate their revenues. The news has damaged the industry that is already staggering under massice debts. Some firms may not survive
2/18/2002						U.S. News &World Report	Lenders and investors come down with 'Enronitis'.
							END OF CLASS PERIOD
2/19/2002	3,494,500	$ 3.70	5.1%		17:01	PRN	Allegiance 4Q revenue $151.8 million; up 12.3%; 2001 revenue $516.9 million, up 81.2%. Margins improved significantly with consolidated EBITDA loss $22.2 million. "...2001 a challenge for most businesses...Allegiance continued to post solid results...""We continue to forecast revenue growth in excess of 50 percent in 2002 while at the same time improving margins..." Net lines installed in 4Q 135,000, essentially flat with 3Q. Company took adjustment to its installed base of lines as result of data reconciliation project that identified discrepancies in line count. As result line count adjusted downward by 125,000 lines ; has immaterial impact on revenue.
					17:02	DJNS	Allegiance 4Q01 loss of $1.09/share. Consensus revenue growth for 2002 is $798.3 million. Allegiance said that as a result of a reconciliation project to correct discrepancies in line count between databases, the line count in the order management system, which is the basis for tracking line count, has been adjusted downward by about 125,000 lines to 600,000 to conform with the line count in Allegiance's billing systems. Adjustment includes 95,000 facilities lines and 30,000 resale lines and results in a starting point for 2002 of 1,015,000 lines in service of which 93% are facilities based. The inconsistencies between various databases had an immaterial impact on revenue because most of the adjustments are to the line count in the order management and provisioning systems, not the billing systems.
					17:51	RN	Allegiance said 4Q01 net loss widened amid the economic slowdown but revenue grew nearly 60% YOY. Not loss of $125.6 million ($1.09) per share compared to ($86.2) million or ($0.79) a year ago. Allegiance was reiterated revenue growth in excess of 50%, which would result in 2002 earnings of about $800 million.
					19:14	RN	Allegiance Telecom net loss expands, 2002 revenues to grow.
						FDFN	Q4 2001 Earnings Conference Call. CFO Lord said that we are in compliance with all aspects of our covenants as it relates to 2001 and in terms of the budgets that we have passed on to our banks for 2002. We do not see any covenant risk. I promised all of you that on this we would give you detailed covenants for 2002 and I intend to do that now, as well as to provide some perspective with how we've fared against those covenants in 2001. The toughest covenant for us to go up against has been the revenue text. Let me give you some detailed numbers looking backwards before we look forward. In 2001 as you all know, our revenues went like this on a subsequent basis: 105 million in the first quarter, 124 million in the second quarter, 135 million in the third-quarter and 152 million in the fourth quarter are results for the year of 516 million. Our covenant test was 85 million in Q1, 100 in Q2, 120 in Q3 and 140 in Q4 with a covenant test of 445 million. So, we more than adequately covered that revenue test. The capital expenditures covenant test for 2000 was 400 million and we came in very comfortably at 364.
							(Cont'd) For 2002, our clearly covenants on revenues in the first quarter are 155 million, increasing to 180 in the second quarter, rising to 200 in the third-quarter, and topping out at 220 in the fourth quarter, for total revenue covenants test of 755 million. At the end of this year, our $350 million draw down on the debt facility when added to approximately $65 million in (indiscernible) releases left us with a total senior secured debt number of $416 million, against total capitalization of approximately 2.8 billion. That ratio comes out at .15. Our covenants test is .35. Unless Allegiance was to go issue an immense amount, which we have no plans to, of additional debt, we are more than two times covered with respect to our senior secured debt to capitalization covenant test. CFO Lord said that "unlike the rumors about many other telecom companies, we are in compliance with all our bank covenants and we plan to stay that way..."
						TR's State NewsWire	Allegiance Telecom has asked the Public Utility Commission to reverse North American Numbering Plan administrator NeuStar, Inc.'s decision denying the company's request for numbering resources in the Kennedale and San Antonio rate centers. FCC rules permit companies to appeal NeuStar's denial of numbering resources to state commissions. Allegiance said it planned to deploy a second switch to terminate Internet service provider-bound traffic. NeuStar denied Allegiance's requests because the company hadn't met the rate center months-to-exhaust criteria required before obtaining additional numbering resources.

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
						BS	Allegiance posted revenue of $151.8 million and installed 135,000 lines in 4Q01. Results were inline with our expectations, but at the lower range of Street consensus. EBITDA losses continue to decline; company on track for positive EBITDA in late 2002. Growth slows in first 9 markets. During the call, management provided the investment community with the company's financial requirements per its credit covenants. In order to remain in compliance, Allegiance must generate consecutive quarterly revenue in 2002 of $155 million, $180 million, $200 million, and $220 million. Company is also required to have a capital expenditure during the year of less than $400 million. In addition, Allegiance must have a senior secured debt to total capitalization ratio of less than 0.35 currently 0.15 and a total debt to total capitalization of less than 0.60 currently 0.36. Allegiance's 36-market build-out was completed in 4Q01, and each market is now fully operational.
							(Cont'd) Company has 789 collocations in place, an increase of 17 collos for the period, along with 31 voice switches. This network infrastructure presently supports over 1.15 million access lines, and total addressable market for company now stands at 20.4 million access lines. Allegiance has metro fiber rings over 5,000 metro route miles in 22 of 36 markets. Company expects to have an additional 2-3 markets connected with metro fiber rings by year-end 2002. Management provided guidance for 2002 revenue of $800 million and EBITDA loss of $15-$25 million for the year while provisioning 600,000 lines previous guidance was for 650,000 lines in 2002. Allegiance is expected to become EBITDA positive sometime during the second half of 2002, in late 3Q02 or early 4Q02. Capital expenditures for the year will be in the range of $215-$240 million previously $225-$250 million and mostly success based. About $150-180 million has been allocated toward new line installations. Maintain Attractive rating with year-end 2002 price target of $15 per share.
						CSFB	4Q Rpt'd: Qtr in line but Local Trends Weak. Cutting ests; Maintain Hold. ALGX 4Q results with total revenue in line with our est. and with EBITDA, net of a non-rec $5.5M chg, slightly ahead of our forecast. Lowering '02 revenue forecast and widening '02 EBITDA loss est. as we continue to remain concerned regarding impact of slowing economy. ALGX added 135,000 net new lines during quarter, down 1% and 7% below our est. Total lines in service at end of period were 1,015,000. Now estimate $120M funding gap, up from prior est. of $80M. At 4Q01 end, ALGX had about $399M in cash plus $150M in credit facility. Further highlight that our quarterly '02 revenue estimates just put ALGX in compliance with the company's bank facility revenue covenants ($200M and $220M minimum for 3Q and 4Q vs. our estimates of $200M and $221M, respectively.)
						SSB	ALGX: reports mixed 4Q results - lowering price target to $6. Target Price Change. ALGX reported mixed 4Q results w/revs slightly better than our est., which was at low end of guid. range, & EBITDA losses slightly worse than our est. Specifically, 4Q revs were $151.8M vs. our $150M est. & 4Q norm. EBITDA loss was $22.2M (excl. one-time $5.5M charge) vs. our $21.9M loss est. Management addressed investor concerns by stating ALGX has no off-balance sheet financing, no bond rating triggers and is in compliance w/its covenants. '02 guid. of $800M in revs w/EBITDA turning positive in 2H'02. Company gave '02 EBITDA guid of a loss of $15M-$25M. We are lowering our '02 EBITDA est. to a loss of $25M down from a $13M loss to be consistent w/guid. We are also maintaining our $780M '02 rev est. to be conservative. Lowering our target to $6 based on new DCF model w/higher disc. rate. While we believe ALGX will be one of few surviving CLECs, we think it is a long-term speculative investment for investors looking for such a risk profile.
						UBS	We preview the 4Q01 and YE01 earnings Allegiance will release this afternoon after the market close. Expect Allegiance 4Q01 revenue to be up 13% sequentially to $153 million, due to 4% sequential growth in access lines and demand for ALGX's Integrated Access Device IAD offering. We forecast the quarterly EBITDA loss will narrow 20% sequentially to $21 million. Estimate the CLEC will report approximately $600 million in cash and available funding as of the year-end having spent $45 million in capital expenditures in the quarter. Look for Allegiance to address the following issues on the call: 1. The rationale and benefits of its acquisition of the Intermedia backbone; 2. How the completion of its local market build-out will impact its progress toward profitability; 3. Current sales trends and the demand for and success of its IAD offering; 4. Views on the regulatory environment; 5. Efforts to improve collections of receivables; and 6. Guidance for 2002.
2/20/2002	9,179,900	$ 2.65	-28.4%		8:23	DJPIR	Latest consensus on ALGX: 1.9 (Buy) (22 analysts); EPS estimate ($0.97) (21 analysts).
					8:51	William Blair	Allegiance posts solid 4Q and year-end results. Full year results slightly below revised revenue guidance of $523 million. Maintain Strong Buy rating.
					9:15	FII	Fitch Ratings has affirmed Allegiance's B+ senior secured rating assigned to its $500 million facility and its B senior unsecured ratings assigned to its 11 3/4% and 12 7/8% notes, both due in 2008. Ratings Outlook is Stable.
					9:37	Business Wire	Fitch Ratings has affirmed Allegiance's B+ senior secured rating assigned to its $500 million facility and its B senior unsecured ratings assigned to its 11 3/4% and 12 7/8% notes, both due in 2008. Ratings Outlook is Stable. To date, Allegiance has not been in danger of violating any of its covenants. Fitch believes if demand for (Integrated Access Service) IAD remains strong and company is able to continue to successfully provision the service, it will satisfy its revenue covenant. By Fitch estimates, the current business model is fully funded.

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
							(Cont'd) A major factor that led to the bankruptcy filings and recapitalizations of many of ALGX's competitors was their inability to meet bank covenants. To date, ALGX has not been in danger of violating any of its covenants. Its most stringent covenant in 2002 is its quarterly revenue covenant, requiring $755 million in revenue for 2002 ($155 million 1Q'02; $180 million 2Q'02; $200 million 3Q'02; $220 million 4Q'02).
					10:06	BN	Allegiance downgraded to Outperform from Buy at Stephens; target price is $13. EPS estimate for FY 2002 lowered from ($3.56) to ($3.79).
					12:57	BN	Allegiance fell as much as 31% after company said it doesn't operate as many phone lines as previously reported.
					13:27	BN	Allegiance fell 26%.
					16:12	BN	Allegiance shares fell 28% after company said it doesn't operate as many phone lines as previously reported; review caused company to lower line count by 125,000 to 1.01 million. "It doesn't give people a good feeling about the predictability of their numbers...Street completely unwilling to listen to management explanations," James Ott, telecom analyst at Hibernia Southcoast Capital. Yesterday reported loss $1.09/sh vs analysts' estimated loss $0.97/sh. Royce Holland told analysts yesterday that Allegiance wouldn't violate its loan covenants in 2002. Company forecast 2002 revenues $800 million, unchanged from previous est.
					16:58	STM	StarMine listed 18 analysts covering Allegiance.
					17:14	BN	Allegiance fell 28%; 4Q loss was $1.09 per share; average analyst estimate was 97 cents.
						KRTBN	Allegiance Telecom reports $125M loss for 4Q.
						Total Telecom	Allegiance Telecom net loss grows.
						Baird	Q4 results largely in line; lowering FY02 revenue estimate and target.
						BB&T Capital Markets (BB&T)	ALGX: respectable Q4'01, but results lower than our estimates.
						BS	Allegiance posts mixed 4Q01 results. Allegiance fell short of our 4Q revenue expectations due to lower backlog at beginning of quarter and weaker economy. Company continues to make strides towards EBITDA breakeven in 2002. Concerned about ability to replicate impressive growth. Changing recommendation to hold from attractive.
						CIBC	Allegiance Telecom: after mixed 2001, looking for better execution in 2002.
						CSFB MMN	*ALGX: 4Q reported: quarter in line but local trends weak...*
						DBAB	ALGX: in-line 4Q01 results, '02 guidance reaffirmed.
						Fitch	Fitch Ratings has affirmed Allegiance Telecom's ALGX `B+' senior secured rating assigned to its $500 million secured credit facilities and its `B' senior unsecured ratings assigned to its 11 3/4% senior discount notes due 2008 and 12 7/8% senior notes due 2008. The Rating Outlook for this credit is Stable. The rating confirmation reflects ALGX's ability to continue to generate strong sequential revenue growth while managing its expenses in light of a weaker economy and negative industry sentiment. This performance can be attributed to its strong management team and relatively conservative financing strategy, pre-funding its business plan. Fitch believes this performance should continue, driven by the revenue and cost benefits of its Integrated Access Service IAD offering. Fitch will be closely monitoring the performance of this product and ALGX's ability to generate positive EBITDA in 4Q02. Accordingly, if ALGX is unable to perform as expected, a rating action will be taken.
							(Cont'd) A major factor that led to the bankruptcy filings and recapitalizations of many of ALGX's competitors was their inability to meet bank covenants. To date, ALGX has not been in danger of violating any of its covenants. Its most stringent covenant in 2002 is its quarterly revenue covenant, requiring $755 million in revenue for 2002 $155 million 1Q'02; $180 million 2Q02; $200 million 3Q02; $220 million 4Q02. The current public forecast is $800 million, and Fitch believes if demand for IAD remains strong and the company is able to continue to successfully provision the service, it will satisfy its revenue covenant.
						Goldman Sachs	Allegiance Telecom: fourth quarter update; bank debt covenants are tight; downgrading bonds to Underperform. ALGX posted 4Q results slightly below our estimates.
						Hibernia	4Q01/2001 results - trends intact - revising estimates. 4Q revenue below our estimates but in line with previous guidance; EBITDA slightly below our estimate.
						JP Morgan	Allegiance 4Q mostly in line; revenue just shy of our estimate. Churn effect magnified by accounting house cleaning undertaken in Dec, completed in Feb that resulted in restated line count and one-time charge of $5.5 million impacting EBITDA. EBITDA loss $27.7 million including charge; core EBITDA loss $22 million, $1 million worse than our projection. We do not expect the restatement of the line count or the new line counting methodology to have a meaningful impact on our financial projections going forward, and are not making any major changes to numbers for 2002. At the same time, we recognize in opportune time for housecleaning and financial statement impact and potential for short-term negative stock price impact.
						Lehman	Allegiance Telecom: 4Q01 in-line; visibility cloudy.

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
						McDonald	ALGX: top CLEC continues to execute but maintaining Hold (3) rating. Allegiance posted another positive quarter with results falling just shy of expectations. Reconciliation project reduces line count by 125,000.
						RBC	4Q results mixed; maintain sector perform.
						Robertson Stephens	Q4 results weak, but better than peers. As expected, Allegiance reported weak revenues and an in-line adjusted EBITDA loss for 4Q. Strong Buy rating.
						SSB	Fourth quarter results meet expectations. Senior debt rating: B3/B.
						Stephens	ALGX: reports fourth quarter results largely in line with our expectations; reducing our rating to Outperform from Buy and price target from $16 to $13.
						Thomas Weisel	Q4 results in line; reiterated 2002 guidance.
						UBS	Allegiance hosted call with investors yesterday after posting results that were below our estimates. Company's new 2002 guidance reflects our cautious view toward business in raging telecom storm. 2002 revenue guidance now $790-808 million and EBITDA loss $15-25 million. Maintain Hold and $5 target.
						UBS	Telco Wakeup Call. Allegiance Telecom: 4th Quarter Results.
						US Bancorp Piper Jaffray	4Q01 revenue in line with expectations.
2/21/2002	5,000,400	$ 2.46	-7.2%		8:33	MWR	The Subway.com: Allegiance down 28% after news concerning company's debt.
					11:28	BN	Verizon gets Justice Department backing for Vermont phone bid.
					12:05	DJCFA	Ratings on Allegiance's bonds affirmed at B+ for sr. sec. and B for both notes.
						Communications Today	Allegiance Telecom hanging tough. UBS Warburg analyst believes Allegiance will prove to be a "tough stock." "As the number of CLECs fade away, there are fewer companies for Allegiance to compete against."
						WSJ	Allegiance tumbled 28%; posted 4Q loss of $1.06 per share, compared with analysts' forecasts of a 97-cent loss. Stephens lowered its rating to Outperform from Buy.
						KRTBN	Allegiance stock falls 28% on news of loss. Analysts said Allegiance's decision to reduce its line count by 125,000 (12%) to reconcile various databases and correct errors gave investors a case of jitters. Company said change did not materially affect revenue, which grew 80% in 2001. Thomas Weisel analyst said that "the way they chose to disclose things probably created a worse impression than the reality." Analyst rates Allegiance a Buy with a $19 price target. UBS analyst rates Allegiance Hold with a $5 price target.
						JP Morgan	Allegiance Telecom fourth-quarter results; reiterate Hold recommendation. Management reiterated 2002 guidance of $800M revenue and turning EBITDA-positive during 2H of the year. ALGX reduced its capex plan from $225M-$250M to $215M-$240M. For the first time, company outlined its covenants as well as quarterly guidance. The minimum revenue test will be the covenant which should be the most closely watched: Covenant Guidance Mid. Point Cushion: 155 165-168 7.4% 180 185-190 4.2% 200 208-213 5.3% 220 232-231 6.6% During the quarter, ALGX changed the way it counts and reports access lines resulting in a reduction of total access lines by 125,900 to 1,015,000 total access lines at year-end. We are maintaining our Hold recommendation at this time.
						UBS Europe	*Analyst report.*
						UBS	*Credit Comment: Allegiance Telecom.*
2/22/2002	4,735,200	$ 2.38	-3.3%				
2/25/2002	7,203,600	$ 1.94	-18.5%		10:08	BNP	BNP Paribas HY report issued; Allegiance covered.
						Crain's Chicago Business	Local service providers facing tough times: battle for customers getting ugly. When Congress passed the Telecommunications Act of 1996, forcing phone companies to open their networks to local service competitors, there was a frenzy on Wall Street. "Between 1996 and 2000, if you had 'telecom' next to your name, you got funded," says a VP for Allegiance Telecom. With a deep well of investment dollars available, CLECs raised huge amounts of capital and took on massive debt. When the stock market began its descent, Wall Street did an about-face and started asking CLECs to show a profit. No longer was the objective to have the largest network. "People thought technology mattered," says Robert C. Taylor, chairman and CEO of Chicago-based Focal Communications Corp. "It didn't." CLECs found themselves with too much capacity, no profits and insufficient revenue to service debt. New funds were unavailable. It was the beginning of some very bad times.

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
						TR	"Allegiance is the Corvette of CLECs and has its high beams on," UBS Warburg analyst Glenn Waldorf said in report. "It nevertheless is driving through industry and economic storms that can make roads both slick and foggy. It will be a tough route for the CLEC to navigate." Based on financial results unveiled Feb. 20, Allegiance appears reasonably healthy. But in the CLEC sector, bankruptcy has afflicted several carriers that seemed fit and were well regarded on Wall Street. In conference call, Allegiance executives assured analysts that the company wouldn't fall prey to the loan-covenant problems that had hurt other CLECs and that it had adequate funding to survive until late 2002, when its operations are expected to begin generating cash. Thomas Lord, Allegiance's CFO and executive vice president-corporate development, said Allegiance was well positioned to meet even it toughest covenant, a minimum revenue requirement of $755 million in 2002.
							(Cont'd) Allegiance expects to generate $800 million in revenue this year. Credit Suisse First Boston analyst Mark Kastan suggested that Allegiance would have had more difficulty meeting the revenue requirement if it hadn't recently acquired the Internet backbone assets of Intermedia Communications. CSFB's revenue forecasts for Allegiance "leave very little flexibility" for the company to comply with its loan covenants, Mr. Kastan said in a report. But the inclusion of the Intermedia revenue "should provide the company some breathing room," he said. Allegiance's revenues for the quarter that ended Dec. 31, 2001, were $151.8 million, a 12.3% increase over third quarter totals and 59.8% higher than revenues from the same quarter of 2000. Full-year revenues were up 80%, to $516.9 million. The full-year EBITDA (earnings before interest, taxes, depreciation, and amortization) loss was $106.7 million. Despite Allegiance's revenue growth and prospects for generating positive EBITDA before year-end, Messrs. Kastan and Waldorf maintained "hold" ratings on the stock.
						Total Telecom	WorldCom approves affiliate Digex business plan.
						Kaufman	Intraday. ALGX 4Q01 Review. Updating estimates for Allegiance to reflect in-line 4Q01 results, database adjustment to installed line count. Price target lowered to $12 from $20; rated Strong Buy.
						Kaufman	*The Morning Exchange - ALGX.*
2/26/2002	4,215,500	$ 1.98	2.1%		11:14	DJNS	Kaufman lowered price target on Allegiance from $20 to $12.
						Washington Telecom Newswire	Rules committee weighs merits of amendments to Tauzin-Dingell. Reps. Edolphus Towns (D-N.Y.) and Steve Buyer (R-Ind.) have submitted a line-sharing amendment that they say will preserve CLEC access to ILEC central offices and fiber loops. Allegiance Telecom CEO Royce Holland told us in a interview that Towns-Buyer can be equated with "giving aspirin to a cancer patient... It's nothing but a fraud." He said that sponsors of the measure have labeled it as a boon for the CLEC industry, but it's actually a procedural move to keep other amendments out of contention.
2/27/2002	6,217,900	$ 2.41	21.7%		8:23	DJPIR	Allegiance rating of 2.0 (Buy) (24 analysts); 1Q consensus ($0.97) (15 analysts).
					17:58	RN	U.S. House backs Bell-backed broadband legislation. Telephone competitors like WorldCom and Allegiance Telecom have lobbied against the measure, arguing that easing the existing access requirement would remove the incentive for the local giants to open their networks.
						Communications Daily	House rules committee weighs merits of Tauzin-Dingell amendments.
2/28/2002	3,132,200	$ 2.62	8.7%		9:52	PRN	Tauzin-Dingell bill survives House scare through parliamentary chicanery. Allegiance Telecom CEO Holland told us in interview that Towns-Buyer could be equated with "giving aspirin to a cancer patient... It's nothing but a fraud." He said sponsors of proposal had labeled it as boon for CLEC industry, but it actually was procedural move to keep other amendments out of contention.
					19:08	RN	U.S. House of Representatives approved a measure on Wednesday to relax regulations on regional telephone giants in order to promote the roll-out of high-speed Internet service, though the measure faces stiff opposition in the Senate.
						Investor's Business Daily	Story on Allegiance Telecom that was to run in Wednesday's paper appears today.
						Investor's Business Daily	Allegiance did borrow money from banks to fund its expansion. As a result, it must hit financial targets or its bankers will get nervous. "We are in control of our destiny, but we're not in control of our valuation," Royce Holland, chief executive of Allegiance, said in an interview. Some analysts fret that a slowing economy will take a toll on Allegiance, which provides voice and data services to small and midsize businesses. "We're in the capital markets' equivalent of a nuclear winter," Holland said. Analysts say Allegiance hasn't overreached like some start-ups. Its build-out in 36 U.S. markets is mostly done. So its need for project financing has decreased. Allegiance's capital spending is expected to drop 38% in 2002 to $225 million, says bond rater Fitch Inc. Holland says Allegiance won't meet the same fate of its peers that filed for bankruptcy protection. "We have no problem with our bank covenants," Holland said. "We're comfortably in compliance, assuming we make our forecasts. I have no reason to think we won't." Allegiance will be under pressure to hit financial targets in 2002, says bond rater Fitch.

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
							(Cont'd) Its bank covenants call for $180 million in second-quarter revenue. Allegiance estimates sales at from $185 million to $190 million. That doesn't leave much cushion, says UBS Warburg analyst Glenn Waldorf. Holland says Allegiance is on track to be free cash flow positive in 2004. That's money not needed for daily operations or reinvestment. Interest payments, taxes and capital spending reduce free cash flow. As the CLEC industry collapsed in 2001, Allegiance steered away from mergers with struggling companies. Nor did it buy up CLEC assets in bankruptcy proceedings; bought assets of WorldCom Intermedia unit. Terms not disclosed; analysts think Allegiance cut a good deal. Allegiance will save a few million dollars a quarter, analysts say, by putting its data traffic on the Intermedia unit's network. Stephens' Pluckman frets that firms like Allegiance could wind up without access to the Bells' networks. Not so, says Holland. "Despite the desire of the Bells to re-create their monopolies, I don't think it's going to happen," he said.
						Total Telecom	U.S. House passes RBOC-favorable Broadband Bell.
						Total Telecom	CLECs run 9% of local U.S. lines.
3/1/2002	2,840,500	$ 2.70	3.1%		9:25	BN	WSJ: Insider trading soared in telecommunications sector. Allegiance had some of the heaviest selling, with 11 executives and directors selling almost 10 million shares, split adjusted, valued at $627.3 million from January through October 2000.
						McDonald	Allegiance Telecom - Top CLEC continues to execute, but we maintain our Hold rating. ALGX posted another positive quarter with results falling just shy of expectations.
3/4/2002	2,737,700	$ 3.05	13.0%				
3/5/2002	4,698,500	$ 3.29	7.9%		6:01	PRN	Zacks: I like Sonus Networks and Allegiance Telecom here as they have been whacked pretty good and figure to benefit from an improving tone for the Nasdaq.
3/6/2002	4,614,200	$ 3.72	13.1%		9:30	PRN	Allegiance completes electronic link with Verizon Wholesale Systems in western and southern states, new link enhances local phone competition.
					14:05	BN	Allegiance rose 62 cents (19%); company completed electronic links between Verizon Communication's systems and its own.
					17:17	BN	Allegiance rose 25%; company completed electronic links between Verizon Communication's systems and its own.
					17:41	BN	Tony Parella, executive VP of Allegiance, talks with Bloomberg about company's debt and covenants.
						CSFB	Telecom Services: CLECS. CSFB Global Telecom CEO Conference: Day two. Allegiance rated Hold. (report date not correct)
3/7/2002	3,629,700	$ 3.62	-2.7%			UBS	Telecom short-line: new monthly short interest analyzer. CLECS - Short positions grew significantly for Allegiance and Time Warner Telecom. Allegiance posted 4Q01 results below expectations and lowered 2002 EBITDA guidance during its fourth quarter conference call. Time Warner Telecom's short position rose 65% as poor wholesale market conditions continued. Choice One remains the most heavily shorted stock in the CLEC sector as a percentage of shares outstanding. Despite recent CLEC press releases highlighting operational progress and client wins, we don't view these positives as sufficient to satisfy investor concerns about cashflow growth and capital structures. Many CLECs have funding gaps and large debt loads. We believe that short investors who have witnessed numerous telecom dominoes fall will increase their positions until companies offer convincing proof that they are significantly different from their fallen peers.
3/8/2002	1,713,300	$ 3.62	0.0%		10:55	BN	Tony Parella, executive VP of Allegiance, talks with Bloomberg about company's debt and covenants. Company seeing demand for new sales or services not coming down at all. Seeing bigger demand for data. Said Allegiance has the least leveraged balance sheet in the industry. Allegiance raised $1.7 billion in paid-in equity, and have less than $1 billion in debt. Something else that investors seem to be focusing on these days are revenue covenants with banks. CEO stated on your fourth-quarter conference call that the company is not going to violate covenants this year. Tom Lord, your CFO, reiterated that, and you talked about that earlier.
							(Cont'd) According to Parella, "there's really a handful of covenants for this year for Allegiance. First, is the debt-to-capital ratio, which we talked about, which we're not even close to being in default for that. Second would be capital expenditures which is calls for a covenant of $400 million, and we're projecting a budget of between 215 and 240, so, obviously, we have a huge cushion; we're not going to spend that much money, because our build out is pretty much completed. And, the final one is revenues. The revenue covenant calls for us to be at 755 million by the end of this year. And we're projecting that we'll be 800 million. I really, at this stage, don't see any reason we won't. We have significant backlog for newer styles for the next quarter, sales have done very, very strong, and, quite frankly, I think we're going to have a very good year, 800 million and it represents over 50 percent growth. But it stays within current performance levels that we've been experiencing in our sales organization and our installer organization.
							(Cont'd) We plan on going to EBITDA break even around the third quarter of this year and positive EBITDA contribution by the end of the year, which it's kind of a long journey, going from four of us to 4,000, and scaling the spaces. But I don't think there's anyone out there that can say they've grown at the pace that we've had, controlled their spending, made sure they didn't have too much debt, and really, it was pretty much doing what we said we would do from day one."
3/11/2002	3,034,700	$ 3.54	-2.2%				
3/12/2002	1,703,700	$ 3.43	-3.1%				
3/13/2002	1,598,000	$ 3.40	-0.9%				

Allegiance Telecom Inc. (ALGX)
Class Period: 4/24/01 - 2/19/02

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
3/14/2002	2,007,000	$ 3.65	7.4%			*UBS*	*Analyst report.*
3/15/2002	2,028,000	$ 3.69	1.1%				
3/18/2002	2,680,200	$ 3.23	-12.5%		11:00	PRN	Optical Oracle announced the publication of a new report that analyzes the financial crisis afflicting the telecommunications industry; Allegiance included.
3/19/2002	2,628,000	$ 3.02	-6.5%		9:10	MWR	The Subway.com: Allegiance down 12% after news of insider buys.
						UBS	Wireline Services: MFNX fall knocks telecom dominoes. Allegiance purchased metropolitan fiber rings in major markets; agreement with MFNX.
3/20/2002	2,084,600	$ 3.17	5.0%		12:30	BN	Allegiance was reiterated Strong Buy at Kaufman; price target is $12.
3/21/2002	1,607,800	$ 3.20	0.9%				
3/22/2002	1,373,000	$ 3.00	-6.3%				
3/25/2002	1,486,600	$ 2.95	-1.7%				
3/26/2002	1,486,300	$ 3.00	1.7%			BS	ALGX: near-term performance is vital.
3/27/2002	1,265,300	$ 3.12	4.0%				
3/28/2002	1,241,000	$ 3.00	-3.8%		16:38	DJCMR	S&P cuts Allegiance Telecom senior unsecured to CCC+ from B.
						SSB	Downgrading ALGX to Neutral from Buy on the news chat S&P downgraded its debt to CCC+ which is Default. We had held our Buy rating on Allegiance longer than the other clecs since its smart-build strategy had allowed it to put on a smaller amount of debt vs. its peers, its sales strategy/customer focus and results were best in class and we respect its management team. With a continued slump in telephony demand no real interest in telecom growth stocks, a lack of visibility and the debt downgrade, feel that we can no longer recommend ALGX as a Buy. Price target goes from $6 to $2 per share and is subject to revision when Allegiance reports its first quarter results in the late April. Given the poor results we expect in the first quarter in general for the telecom service providers, we believe that if our estimates for ALGX are revised it would be lower. Continue to estimate that ALGX will have negative FCF through 2003. Our current revenue estimates are just slightly above ALGX debt covenants with little wriggle room...we believe there is risk to our ALGX's estimates and risk of tripping debt covenants.
							(Cont'd) Company gave guidance for its quarterly revenue ramp in 2002. For 1Q02, the company expects revenues of $165-168 million. For 2Q02, the company expects revenues of $185-$190M. For 3Q'02, revenue guidance is $208-213M. For 4Q'02, ALGX expects a range of $232-237 million. While total revenues for 2002 are guided to $20 million, we do note that the sum of the low end of the quarterly ranges totals $790 million. Maintaining our $780M 2002 revenue estimate and worry about downward revisions. ALGX laid out debt covenants applicable for the year 2002. Revenues are required to be $755 million in 2002. There is also a quarterly ramp in 2002 that is specified by covenants: $155 million in 1Q02, $180 million in 2Q'02, $200 million in 3Q'02 and $220 million in 4Q02. Our estimates are just slightly above these levels with minimal room for error. Another debt covenant is that in 2002, ALGX cannot make capital expenditures in excess of $400 million which should not be an issue. The guidance is for $215-$240 million.
4/1/2002	3,346,100	$ 2.68	-10.7%		6:00	PRN	Zacks: Company's network rollout of its 36-markets complete at end of 2001. With a very strong overall balance sheet including an estimated $800M in revenues this year, which is a 60% increase over last year; price target is $12.
					7:46	RN	Salomon Smith Barney on Monday cut its investment rating on telecommunications provider Allegiance Telecom to Neutral from Buy after Standard & Poor's downgraded its credit rating to default status. Salomon also cut its price target on the firm to $2 from $6. "There is little interest in telecom services growth stocks and little visibility into the business, thus we can no longer justify a buy rating," analyst Jack Grubman said in a research note. Shares of Allegiance closed at $3 on Thursday.
					10:31	BN	Allegiance fell 11%; company had its senior unsecured debt rating cut to CCC+ from B by S&P.
					16:45	BN	Allegiance fell 11%; company had its senior unsecured debt rating cut to CCC+ from B by S&P.
						SEC	10-K405 filed for period ending Dec. 31, 2001.
						Stephens	ALGX: others downgrade; we still say Outperform and $13 price target.
						SBC	*ALGX: downgrading to 3S on S&P lowering credit rating.*
						UBS	Short positions increased in Telecom Sector. Expect short positions to remain intact. Allegiance's stats: Short % of total shares, 8%; Short % of trading shares, 11%; Short movement vs. prev month, 47%; Stock price movement, 5%.
						UBS	Allegiance: S&P lowers debt rating.
4/2/2002	5,667,200	$ 2.31	-13.8%		6:01	BN	Allegiance cut from Buy to Neutral at Salomon Smith Barney; target price cut from $6 to $2.
					9:00	MWR	TheSUBWAY.com: Allegiance down 11% after Salomon Smith Barney cut its rating.
					9:50	BN	Kaufman analyst talks with Bloomberg about his telecommunications industry analysis and recommendation of Allegiance Telecom.
						Stephens	Allegiance rated Outperform with $13 price target in spite of recent downgrades of its equity and bonds by brokerage competitor and a bond rating agency. Brokerage downgrade followed last week's decision by S&P to cut its rating on Allegiance's unsecured debt to CCC+ from B and secured from B+ to B based on the possibility that the carrier will miss one of its lending covenants calling for 2Q revenues of at least $180M.

Allegiance Telecom Inc. (ALGX)
Class Period: 4/24/01 - 2/19/02

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
						UBS	Allegiance maintained that it is fully funded; recognized that it has a narrow margin for error between its revenue targets and its quarterly covenants on its credit facility.
4/3/2002	4,405,800	$ 2.36	2.2%		11:34	BN	Allegiance was reiterated Strong Buy at Hibernia; price target is $24.
					14:34	BN	Allegiance was reiterated Strong Buy at Kaufman; price target is $12.
						Kaufman	*Analyst report.*
4/4/2002	2,168,300	$ 2.50	5.9%				
4/5/2002	1,568,900	$ 2.38	-4.8%		13:45	DJCMR	Moody's Investors Service has lowered all ratings of Allegiance Telecom including: Senior Implied rating to B3 from B2; -Issuer rating to Caa2 from B3; -$205 million 12 7/8% notes due 2008 to Caa2 from B3; -$445 million 11 >% notes due 2008 to Caa2 from B3; Allegiance Finance Company, Inc.'s -$500 million senior secured bank credit facility to B3 from B2. The ratings reflect our view that Allegiance will continue to endure the troubles facing the emerging telecom sector as a whole, including scaled-back customer spending, increased competitive pressure from the incumbent win-back initiatives and virtual closure of the public debt and equity markets. The company has yet to turn EBITDA positive and we do not expect to see positive free cash flow results for at least a couple of years. This concludes the review that was initiated in October 2001. The outlook is negative.
							(Cont'd) We consider that Allegiance has adequate liquid resources to support the largely scalable capex requirements of its completed 36 market network. Nevertheless, we are concerned that Allegiance's recent operating results have fallen short of our expectations and the negative outlook expresses our caution that continuing softness in the local telecommunications market may result in covenant pressure. The senior unsecured ratings have been notched down to adjust for the meaningful level of senior secured debt in the company's capital structure following a $350 million draw under the bank facility. Ratings could be lowered if operating performance becomes further impacted by the telecom sector's downturn or if the company would not have full access to the remaining commitment available under its bank facility.
					14:36	BN	Allegiance's credit ratings were lowered by Moody's; said company will continue to suffer from falling sales and competition from rivals. Senior secured bank credit facility cut one level from B2 to B3. Also reduced notes two levels from B3 to Caa2. Outlook on the rating remains negative. Allegiance not expected to record positive cash flow "for at least a couple of years," said analyst. Moody's placed the rating on review in October.
						Moody's	Moody's lowers all ratings of Allegiance.
4/8/2002	1,815,100	$ 2.43	2.1%		7:54	BN	Allegiance cut to Hold from Add at Credit Lyonnais.
						CLS	Allegiance: limited upside potential and credit downgrade; lowering rating to Hold from Add; withdrawing price target.
						UBS	On Friday, Moody's cut Allegiance's credit ratings by two notches to Caa2 on concerns of increased competition, reduced consumer spending, and the closure of the capital markets.
4/9/2002	1,776,900	$ 2.39	-1.6%			SEC	10-K/A filed for period ending Dec. 31, 2001. The sole purpose of this Amendment No. 1 to Form 10-K is to add the following paragraphs before Part I of the Form 10-K filed on April 1, 2002. This report contains "forward-looking statements…"
4/10/2002	939,600	$ 2.35	-1.7%		14:43	PRN	Internet conference call re: 1Q earnings to be held on April 30 at 5:00 pm ET.
4/11/2002	901,000	$ 2.32	-1.3%				
4/12/2002	1,999,500	$ 2.25	-3.0%		10:51	BN	Allegiance downgraded to Market Perform from Buy at Raymond James.
					11:52	RBC	Issues 1Q02 Wireline Telecom Preview.
						Raymond James	Reducing our rating on Allegiance due to poor visibility; Market Perform 3, target price $50 (old).
4/15/2002	1,315,900	$ 2.45	8.9%			SEC	S-8 filed re: This Registration Statement on Form S-8 is being filed by Allegiance Telecom in connection with the registration of an additional 2,000,000 shares of our common stock, par value $.01 per share, issuable pursuant to the Fourth Amendment to the Allegiance Telecom, Inc. 1998 Stock Incentive Plan. There is an effective registration statement relating to the issuance under this Plan of 8,766,333 shares of our common stock. There is an effective registration statement relating to the issuance under this Plan of 6,000,000 shares of our common stock. There is an effective registration statement relating to the issuance under this Plan of 3,739,627 shares of our common stock, after giving effect to a three-for-two stock dividend on our common stock issued to stockholders on February 28, 2000. There is an effective registration statement relating to the issuance under this Plan of 5,494,040 shares of our common stock, after giving effect to a three-for-two stock dividend on our common stock issued to stockholders on February 28, 2000.
4/16/2002	2,023,000	$ 2.48	1.2%		13:30	BUS	DSL.net signs agreement with Allegiance to offer nationwide T1 service.
					13:31	DJNS	Allegiance to provide T1 services to DSL.net.
					16:23	MWR	ON24 to interview DSL.net CFO regarding expansion plans and today's T1 agreement with Allegiance.
4/17/2002	956,200	$ 2.34	-5.6%			UBS	Allegiance: making strides in wholesale.
4/18/2002	1,250,000	$ 2.27	-3.0%				
4/19/2002	1,404,800	$ 2.15	-5.3%				
4/22/2002	2,836,600	$ 2.29	6.5%				
4/23/2002	2,121,100	$ 2.20	-3.9%		8:01	MWR	TheSUBWAY.com announces investment opinion: heads will roll! Allegiance up 7% after signing agreement with DSL.net.

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
					9:07	STM	StarMine expects downward revisions to consensus estimate for Allegiance or a possible earnings shortfall when it reports on or around April 30. StarMine forecast is ($0.98) compared to Thomson's consensus, ($0.97).
4/24/2002	1,534,100	$ 2.09	-5.0%				
4/25/2002	2,439,600	$ 1.90	-9.1%				
4/26/2002	2,079,500	$ 1.93	1.6%			SEC	Tender offer statement filed.
4/29/2002	2,351,500	$ 2.02	4.7%				
4/30/2002	1,542,600	$ 2.03	0.5%		7:45	PRN	Allegiance will release 1Q earnings conference call on April 30 at 5:00 pm ET.
					16:01	DJNS	Allegiance 1Q loss 97 cents per share.
					16:01	PRN	Allegiance 1Q revenues $162.1 million; EBITDA loss margin reduced to 13.4%; churn in excess of plan resulted in installs being about 12% below plan during 1Q02.
						FDFN	*Earnings call transcript of ALGX - Q1 2002.*
						BS	Allegiance: Attractive; posts 1Q02 results; mixed, but cash burn was lower than expectations.
						CSFB	ALGX: assuming coverage with Hold; 1Q line adds weak due to high churn.
						UBS	Short positions increased in Telecom Sector. Expect short positions to remain intact. Allegiance's stats: Short % of total shares, 11%; Short % of trading shares, 15%; Short movement vs. prev month, 33%; Stock price movement, -34%.
						SEC	Proxy filed for period ending June 19, 2002.
5/1/2002	5,759,900	$ 1.52	-25.1%		8:37	UBS	1Q results below our estimate by about $3 million related to one-time dispute with large customer that flowed through to EBITDA. Maintain Hold.
					9:26	William Blair	Reducing to Hold. Mixed 1Q results. Increased churn more than offsets strong line sales. Revenue and line count shortfalls raise concern regarding ability to achieve 2002 quarterly revenue covenants.
					11:46	BN	Allegiance downgraded to Hold from long-term Buy at BB&T Capital Markets.
					17:02	STM	StarMine released list of top rated analysts for ALGX; 14 analysts on list.
						KRTBN	Allegiance reported a wider first-quarter loss Tuesday, but said it installed a record number of new telephone and data lines and posted a 53 percent jump in revenue. Company said it was seeing stiffer competition from the nation's four local-phone companies that are trying to win back business customers that have switched to other firms. Allegiance stuck to earlier earnings guidance and said it would become profitable before interest, tax, depreciation and amortization late in the third quarter. "It's a good, solid, decent job, but not an outstanding one, considering that everybody else has been reporting flat to negative revenue quarters," said Royce Holland, chairman and chief executive. Allegiance lost $112.6 million (97 cents a share), compared with a loss of $96.3 million (87 cents a share) for the year-ago quarter, meeting analysts' expectations, according to Thomson Financial/First Call. Allegiance had$162.1 million in revenue, compared with $105.9 million.
							(Cont'd) News came after the market closed, and the stock was largely unchanged in after-hours trading. The company said it expects to add at least $20 million in revenue in each of the last three quarters to meet its goal of $800 million for the year. Mr. Holland said Allegiance is also looking at buying troubled telecommunications companies to bolster its customer base and revenue. "The environment has never been, as the military would say, more target rich," he said. Allegiance added more than 200,000 lines but lost 76,000 because of billing disputes, competitors and the weak economy. Mr. Holland said executives are paying more attention to keeping customers with discounts and other incentives. "We need to sharpen our blocking and tackling," he said. "Up till now, our focus has been on adding customers and not retention."
						BS MMN	*ALGX: Allegiance posts 1Q02 results.*
						BB&T	ALGX: tough Q1 2002, EBITDA in line due to tight SG&A control; lowering to Hold (3) given proximity to covenants amid difficult environment. Revenue covenants are becoming a larger concern for the company. Revenue covenants for 1Q, 2Q, 3Q, 4Q: $155, $180, $200, $220, $755 (FY02).
						CIBC	1Q results mixed; awaiting the inflection point. Rated Buy. Company does not have a large margin for error when it comes to meeting the revenue covenants required in order to access the $150M facility. Quarterly bank covenants for 2002: $155, $180, $200, $220 and $755 for 2002. CIBC's estimates are just above covenants.
						CSFB	*ALGX: assuming coverage with Hold FBC.*
						DB Europe	ALGX: churn weakens 1Q02, expect acquisitions to meet covenants; rated Market Perform. Feel it will be difficult for ALGX to meet its 2Q 2002 revenue covenant of $180M, which would require adding $18M in incremental revenue. Believe company will make an acquisition to make up for any shortfalls in organic growth to meet covenants.
						Kaufman	Making the grade. ALGX 1Q02 earnings review: in-line revenues of $162M and record gross adds of 200,000. Strong Buy with $12 price target. Company exits March at an almost $180M annualized run rate in line with 2Q02 revenue test. Prepping M&A to bolster business and capitalize on sector weakness, which would also eliminate revenue covenant concerns completely by adding $50M+ in revenues.

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
						McDonald	ALGX: decent 1Q02 results given the environment. Recorded EPS ahead of our estimate and in line with consensus. Our models show company just squeaking by on revenue covenants for 2002; believe there remains a good deal of risk associated with the stock. Maintain Hold (3) rating.
						RBC	1Q02 results miss; could trip covenants in 2H02. Target price is $2. Expect ALGX to complete acquisitions over the coming months to boost revenues to ensure compliance with bank covenants. Acquisitions do not alleviate the fact that mature-market growth appears stagnant, and positive FCF may be delayed.
						Robertson Stephens	*Q1 revenue in line & cash burn minimal.*
						SSB	ALGX: 1Q results light; high churn underscores challenging environment. Believe there may be risk to debt covenants later in 2002. We remain cautious on stock given high churn rate, lack of visibility into the business, risk of tripping debt covenants and little interest in telecom growth stock. Lowering target to $1 from $2, due to market reality.
						Stephens	ALGX: first quarter largely in line; maintaining Outperform rating. Biggest issue facing Allegiance continues to be whether the carrier will meet its 2Q covenant with lenders calling for it to generate at least $180M in revenues. On conference call with brokerage analysts, management expressed confidence that Allegiance would reach the 2Q target, along with revenue goals specified for later years.
5/2/2002	10,544,100	$ 1.15	-24.3%			BS	TMT Edge.
						CLS	Allegiance Telecom 1Q02 results: lower-than-expected top-line revenue; acquisitions on the table as an alternative to covenant violations. Rated Hold.
						ML	1Q results mixed; moving to neutral. Revenue in line, EBITDA loss slightly above expectation, net line adds below estimate. In addition, we do not believe company will be able to meet min revenue covenant in 2nd half through organic growth.
5/3/2002	2,508,200	$ 1.37	19.0%		17:36	BN	FCC ordered by court to reconsider plan on Internet calls; to justify closing a legal loophole that allowed local-telephone companies to collect billions of dollars from Verizon and other regional carriers for handling local calls.
						Telecommunications Reports (TR's State NewsWire)	The Public Utility Commission has reversed North American Numbering Plan administrator NeuStar, Inc.'s denial of Allegiance Telecom request for numbering resources in the Kennedale and San Antonio rate centers. FCC rules permit companies to appeal NeuStar's denial of numbering resources to state commissions.
						McDonald	Allegiance Telecom - company posts decent 1Q02 results, considering the current negative operating environment. Rating is Hold (3).
5/4/2002						The Daily Deal	Even as its shares toppled, analysts have consistently cited Allegiance as one startup capable of surviving the financial turmoil. Who's next on the Telecom Destruction Tour? It may be the formerly high-flying Allegiance. Even as the company's shares toppled from an all-time high in March 2000 of $105.75 to a closing price May 3 of $1.40 a share, Wall Street analysts have consistently cited Allegiance as one telecom startup capable of surviving the industry's ongoing financial turmoil. The big question hanging over Allegiance and its stock price is whether the company can generate quarterly revenues that add up to $755 million for the year. That total is one of the keys to meeting covenants contained in the company's $500 million credit facility backed by Goldman Sachs Credit Partners, Toronto Dominion Inc., BankBoston, Morgan Stanley Senior Funding Inc. and others. In September, Allegiance drew down $350 million of the facility. For the present, there is a consensus that Allegiance can meet the revenue --but just barely.
							(Cont'd) According to a survey of 13 industry analysts, Allegiance is expected to generate $786.7million in revenue for the year; in 2001, Allegiance recorded $535 million. "There's not much of a margin here for error," said Rick Grubbs, a telecom at Credit Lyonnais, who estimates Allegiance's 2002 revenue at $762 million. "No one will beat the table for Allegiance until it proves it can make those numbers." "It could prove challenging for Allegiance to grow revenues that much when corporate spending on information technology and telecom services has yet to rebound," said Glenn Waldorf, a telecom analyst at UBS Warburg. Andrew Albrecht, Allegiance's VP in charge of investor relations, insists the company can meet its numbers. Albrecht maintains that the current downturn in corporate technology spending has less of an effect on Allegiance because it targets smaller companies that use six to 24 voice lines. "If you look at the momentum on sales and our gross installs -- 210,000 in the first quarter -- this is just a matter of us simply executing and continuing to take market share from the Bells," Albrecht said.
							(Cont'd) "It's fair to say that Wall Street says the glass is always half empty and going to zero." If Allegiance does encounter a revenue shortfall, Holland has said the company would make an acquisition to boost its top line. Level3 Communications Inc. pulled off a similar maneuver in February when it purchased Corporate Software Inc. for $89 million, thereby meeting its own covenants. But buying revenue is not the same as generating it on your own. For that reason, investors sold off Allegiance after Holland acknowledged in February that the company would buy an earnings positive company rather than fail to meet its own covenants. Since its Feb. 18 fourth-quarter conference call, Allegiance's shares have fallen 62%. "You never want to see a company rely on an acquisition to meet a covenant," Morabito said. "It's a bad sign if you're having to manufacture revenues. For their sake, hopefully it won't come to that."

Allegiance Telecom Inc. (ALGX)
Class Period: 4/24/01 - 2/19/02

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
5/6/2002	1,306,400	$ 1.37	0.0%		8:48	MWR	TheSUBWAY.com announces investment opinion: closing above the low! Allegiance up 19% on 2.5 million shares after announcing continued growth in Q1.
						Local Competition Report	CEOs of 54 CLECs and related technology companies sent a letter to President Bush arguing against pending policy proposals at the FCC that would spur RBOC broadband investment. The letter touted the policies adopted by the Commission in the wake of the Telecom Act of 1996 that it said had prompted competitors to enter the local marketplace. "The FCC, however, is now considering adopting one-sided policies that could squelch competition among local broadband providers and recreate a monopoly for broadband services," the letter said.
5/7/2002	637,400	$ 1.32	-3.6%				
5/8/2002	1,127,600	$ 1.42	7.6%			SEC	Post-effective amendment for registration statement filed.
5/9/2002	623,800	$ 1.29	-9.2%				
5/10/2002	897,900	$ 1.20	-6.8%				
5/13/2002	1,029,600	$ 1.33	10.6%		14:00	RN	In a victory for upstart local telephone carriers like Allegiance Telecom, the U.S. Supreme Court on Monday upheld federal rules that tend to lower the prices they pay to access networks of dominant carriers like Verizon Communications.
					14:03	PRN	Allegiance applauds U.S. Supreme Court decision on Verizon v. FCC. Ruling upholds FCC's forward-looking incremental pricing methodology for unbundled elements and clears path for states to continue to reduce pricing for unbundled elements. The ruling is a victory for carriers like Allegiance, as well as long-distance giants WorldCom Inc. and AT&T Corp. , which are launching local telephone service in search for new revenues as Verizon and other local giants are entering the long-distance market.
					18:19	BN	Holland talks with Bloomberg about Supreme Court ruling.
						Total Telecom	U.S. court backs FCC pricing model for network access.
5/14/2002	2,854,500	$ 1.41	6.0%			Washington Telecom Newswire	FCC said Qwest changed a complainant's telecom service provider from Sprint to Qwest without obtaining authorization and verification from the complainant. The Commission said the complainant is entitled to absolution for the charges incurred during the first 30 days after the unauthorized change occurred and neither Sprint nor Qwest may pursue any collection against the complainant for those charges. Commission granted a similar complaint against Sprint, saying it changed a complainant's telecom service provider from Verizon and AT&T to Sprint without obtaining authorization and verification from the complainant. Commission said Sprint must forward to Verizon and AT&T 150% of the relevant charges paid by the subscriber to Sprint. Commission granted 2 additional similar complaints against Sprint. Commission denied a similar complaint against Allegiance Telecom.
5/15/2002	794,500	$ 1.39	-1.4%			SEC	10-Q filed for period ending March 31, 2002.
						RealMoney.com	Catch a falling knife with these telecom stocks. Allegiance claims to be fully funded to FCF positive; with $150M of available funds to spare. The market does not believe them. I do. Allegiance's stock and bonds trading at distressed levels because of fears of a revenue covenant violation, a more hostile regulatory environment and customer churn.
5/16/2002	685,400	$ 1.46	5.0%		17:22	DJIN	Small stocks fall as technical trends, biotech play role...although Allegiance Telecom did rise 5.8%.
5/17/2002	1,252,000	$ 1.54	5.5%		15:36	DJCFA	Allegiance Telecom gets $50M waiver from Lucent.
					15:57	DJCFA	Allegiance Telecom said Lucent Technologies waived $50 million of a $210 million purchase commitment for 02 in exchange for a commitment by Allegiance of roughly $13.1 million of telecom equipment; remaining commitment is about $130 million. In April 00, company executed a 3-year $350 million purchase commitment. In July 01, Allegiance amended agreement to extend term to 6 years. Under amended agreement, company was obligated to complete purchases totaling $100 million by Dec. 31, 00; $160 million of purchases by Sept. 30, 01; $210 million by year-end 01; $257 million by year-end 03; $304 million by Dec. 31, 04; and the full $350 million of purchases by Dec. 31, 05. If Allegiance doesn't meet required purchase milestones, it will be required to provide cash settlement in an amount equal to the shortfall. During the term of contract, any shortfall payments may be applied to future purchases during the next succeeding year. Company said it exceeded the required purchase milestones for 00 and 01, and as of March 31, had completed cumulative purchases under this contract totaling about $169.6 million.
5/20/2002	997,200	$ 1.42	-7.8%				
5/21/2002	1,428,400	$ 1.26	-11.3%			SEC	Amended tender offer statement filed.
5/22/2002	1,377,800	$ 1.20	-4.8%				
5/23/2002	2,021,800	$ 1.24	3.3%				
5/24/2002	872,800	$ 1.26	1.6%			Stephens	Carrier Services: 1Q recap & outlook. Allegiance rated Outperform.
5/28/2002	957,200	$ 1.21	-4.0%			Stephens	Carrier Services: 1Q recap & outlook. Allegiance rated Outperform.
5/29/2002	2,066,800	$ 1.19	-1.7%				
5/30/2002	601,500	$ 1.17	-1.7%				
5/31/2002	1,204,800	$ 1.16	-0.9%				

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
6/3/2002	1,099,900	$ 1.10	-5.2%			U.S. Newswire	CEO of Allegiance Telecom to speak about competition in the Telecommunications Business at NPC Newsmaker News Conference on June 12 at 1:00 pm.
6/4/2002	3,687,600	$ 0.99	-10.0%		13:03	DJCMR	Allegiance Telecom credit cut to CCC vs B by S&P.
					18:42	DJNS	Once high-flying Allegiance Telecom isn't surprised that Standard& Poor's lowered its credit rating on the company to triple-'C' from single-'B,' saying the market environment for competitive local exchange carriers hasn't yet changed. Shares of Allegiance fell to a new 52-week low of 98 cents Tuesday after S&P downgraded the company's credit based on the "continued weak fundamentals" of the CLEC industry and its belief that Allegiance will have a difficult time meeting the minimum revenue targets set under its $500 million secured bank facility in the second and third quarter of 2002. The bank covenants call for $180 million in second quarter revenue, $200 million in third quarter revenue and $220 million in fourth quarter revenue. Beginning in 2003, the covenants are completely EBITDA driven. Allegiance spokesman Michael Caputo told Dow Jones Newswires that the company believes it will meet the revenue targets under the bank facility, either through executing its business plan or via acquisitions which it has been contemplating for some time.
							(Cont'd) Caputo referred to recent downgrades as an "era of hair-trigger ratings changes," and emphasized that Allegiance Telecom, one of many telecommunications companies to suffer from the economic downturn and reduced demand, remains focused on executing its business plan. Analysts surveyed by Thomson Financial/First Call expect Allegiance to report second and third quarter revenue of $183.9 million and $205 million, respectively. Allegiance Telecom, which posted year-ago second quarter revenue of $124.1 million and year-ago third quarter revenue of $135.1 million, is fully funded until it reaches positive free cash flow, expected at the end of 2003, Caputo said. However, Standard & Poor's said in its press release that it doesn't expect the company to be free cashflow positive in the near term, given the challenges facing the CLEC industry.
6/5/2002	3,905,800	$ 0.90	-9.1%				
6/6/2002	666,100	$ 0.93	3.3%				
6/7/2002	1,287,800	$ 1.02	9.7%		17:04	DJCFA	Allegiance Telecom fired Arthur Andersen LLP as its independent auditor and hired KPMG LLP effective May 31, according to a document filed Friday with the SEC. Filing didn't give reasons for Andersen's dismissal. Company said there were no disagreements with Andersen on accounting principles or practices, financial statement disclosure or auditing scope or procedure for the two fiscal years ended Dec. 31, 2001. For 2001, Allegiance paid Andersen roughly $628,032 for auditing its annual financial statements and reviewing its quarterly statements, according to a proxy filed April 30. The amounts include out-of-pocket expenses the auditor incurred in performing the services. In addition, the company paid $167,274 for tax services and acquisition due diligence.
						SEC	Amended tender offer statement filed.
						SEC	8-K filed.
6/10/2002	1,507,600	$ 1.03	1.0%				
6/11/2002	1,327,000	$ 1.04	1.0%		12:13	MWR	EquityOutlook.com: Allegiance rated Outperform.
6/12/2002	1,459,200	$ 1.03	-1.0%				
6/13/2002	881,700	$ 1.02	-1.0%				
6/14/2002	449,700	$ 1.01	-1.0%			SSB	ALGX: discontinuing research coverage.
6/17/2002	924,700	$ 1.09	7.9%				
6/18/2002	3,357,800	$ 1.09	0.0%		9:12	PRN	Allegiance acquires WorldCom customer premise equipment provisioning and maintenance businesses. Aggregate purchase price was $30 million in cash.
					9:13	DJNS	Allegiance acquires WorldCom units for $30M.
					10:09	BN	Allegiance Telecom acquires WorldCom businesses for $30 million.
					10:31	BN	Allegiance rose 17%; said it bought WorldCom's telephone-network equipment sales and maintenance businesses for $30 million in cash.
						BB&T	ALGX: acquisitions positive for debt covenants. $15M in quarterly revenue (applicable to covenants) should enhance Allegiance's ability to meet its debt covenants.
						BS	ALGX: Allegiance acquires CPE business from WCOM. To add $30M of quarterly revenue; expected to be accretive to EBITDA. Transaction gives Allegiance with an incremental revenue stream and provides ample additional "cushion" against its 2002 revenue covenant. Acquisition provides "insurance" for Allegiance. Rated Attractive.
						CSFB	ALGX: acquisition of WCOM's CPE Biz's Helps with 2H0s revenue covenants. Acquisition will add about $30M in quarterly revenues; should provide ALGX with enough cushion to meet is 3Q and 4Q revenue covenants, even if organic telecom services revenue growth falls short. Maintain Hold.

EVENT CHRONOLOGY

Date	ALGX Volume	ALGX Price	% Chg	Residual % Chg	Time	Source	Event
6/19/2002	2,261,400	$ 1.28	17.4%			Dallas Morning News	Allegiance Telecom buys two WorldCom divisions. Company said its acquisitions should put to rest concerns about its ability to meet certain bank covenants. Deal will assure the company will stay well ahead of bank covenants that require it to have a minimum of $755 million in revenue this year, said Royce Holland, Allegiance's chairman and CEO. With the two acquisitions, the company will count $15 million in new revenue per quarter toward the bank covenant beginning in the third quarter, he said. Allegiance had previously expected to have revenue of $800 million this year. "I had said we were going to make the covenants, and we would do an acquisition that will give us plenty of margin for error," Mr. Holland said. "I don't think anybody believed me." Concerns about meeting strict quarterly revenue benchmarks set by banks that have loaned it $350 million have plagued Allegiance stock, which closed unchanged at $1.09 Tuesday. "This would have been a deal we would do regardless," Mr. Holland said. "It's something that we started working on the first of the year."
						Kaufman	Allegiance buys CPE business from WorldCom, eliminating revenue covenant issues and providing opportunity for revenue synergies; reiterate Buy.
						UBS	Allegiance Telecom buys two blue light specials. Small acquisition relieves current credit covenant risks. Good transaction for the bottom line. Raising estimates, but long-term concerns remain. Maintain Hold rating. Believe investors should generally avoid new CLEC investments at this time.
6/20/2002	2,049,300	$ 1.44	12.5%			Stephens	Suspending coverage of ALGX.
6/21/2002	3,804,000	$ 1.72	19.4%				
6/24/2002	1,770,700	$ 1.71	-0.6%				
6/25/2002	1,502,200	$ 1.84	7.6%				
6/26/2002	1,866,800	$ 1.62	-12.0%				
6/27/2002	1,230,200	$ 1.65	1.9%				
6/28/2002	4,525,600	$ 1.83	10.9%		12:58	DJCMR	Fitch downgrades Allegiance debt to CCC.
					13:05	FII	Fitch Ratings has downgraded Allegiance's senior discount notes due 2008 to CCC from B; its $500M secured credit facilities to CCC from B+. Rating Outlook has been changed from Stable to Negative.
					13:19	BUS	Fitch Ratings has downgraded Allegiance Telecom's 11 3/4% senior discount notes due 2008 and 12 7/8% senior notes due 2008 to 'CCC' from 'B' and its $500 million secured credit facilities to 'CCC' from 'B+'. The Rating Outlook has been changed from Stable to Negative. Major issue surrounding Allegiance is the uncertainty regarding its ability to meet its bank covenants in 2002. Covenant requires $755 million in revenue for 2002, with quarterly requirements of $155 million, $180 million, $200 million and $220 million in 1Q'02, 2Q'02, 3Q'02 and 4Q'02, respectively. While revenue of $162 million in the first quarter of 2002 was above the covenant, it was below Fitch's expectations. Fitch is concerned about the company's ability to continue to generate strong growth in its core business, and its ability to exceed the future revenue covenants by comfortable margins. (Cont'd) Allegiance's recent purchase of WorldCom's customer premise equipment provisioning and maintenance businesses for $30 million is expected to add incremental revenue of $30 million each quarter, of which $15 million can be applied to the bank covenant. While this additional revenue should provide a cushion to Allegiance to remain in compliance with the covenant, Fitch's concern is that without this purchase, in the coming quarters the company may have violated the covenants, as it is unclear to what extent the core business growth is slowing. By Fitch's estimates, the company will have less than $300 million in cash at the end of 2Q'02, with $150 million still remaining undrawn on its credit facility. Since the company is not generating any cash flow at this time, it is apparent that if Allegiance did violate a bank covenant and was forced to pay back the $350 million outstanding balance on the facility, it would not have sufficient funds to do so. Outlook will remain Negative.
						Fitch	Fitch Ratings has downgraded Allegiance Telecom's ALGX 1 1%% senior discount notes due 2008 and 12 7/8% senior notes due 2008 to `CCC' from `B' and its $500 million secured credit facilities to `CCC' from `B+'. The Rating Outlook has been changed from Stable to Negative. The major issue surrounding Allegiance is the uncertainty regarding its ability to meet its bank covenants in 2002. The covenant requires $755 million in revenue for 2002, with quarterly requirements of $155 million, $180 million, $200 million and $220 million in 1Q'02, 2Q02, 3Q'02 and 4Q'02, respectively. While revenue of $162 million in the first quarter of 2002 was above the covenant, it was below Fitch's expectations. Fitch is concerned about the company's ability to continue to generate strong growth in its core business, and its ability to exceed the future revenue covenants by comfortable margins.